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PEOPLE
Chinese Models Protest Exhibition of Nudes
Models, claiming they were not displayed in China's first exhibition of their kind, have been subjected to harassment and are being removed from the exhibition. The models, who say they were promised pay for art classes at the Central Art Institute in Beijing, are being removed from the exhibition and with the sale of the art works of posters depicting the art series, the China News said. The exhibition, which drew more than 10,000 visitors since it opened Dec. 22,...

86 Military Posts Are Targeted for Shutdown in U.S.

By Molly Moore
Washington Post Service
WASHINGTON — A government commission on Thursday recommended shutting down 86 domestic U.S. military installations and partially closing or restructuring 59 others across the country in a budget-cutting effort aimed at saving \$5.6 billion over the next two decades.
The proposed list of changes in facilities, ranging from air force bases to naval ports, must be approved by Defense Secretary Frank C. Carlucci and Congress.
Leaders of the congressional military committees predicted that the proposal would be passed by Congress, which must either accept or reject the plan as a whole without changes.
The commission did not include overseas installations in its review.
Among the largest installations recommended for closing are three Air Force bases in California — George, Mather and Norton, California is the state that would be most affected by the report, which recommended that six installations there be shut.
Other major bases that would be closed were Fort Sheridan in Illi-

At Airports, Tighter Security

By Barry James
International Herald Tribune
PARIS — Many airports reviewed or tightened up security procedures Thursday following confirmation that a bomb destroyed the Pan American World Airways jet that exploded over Scotland last week.
In Washington, the Federal Aviation Administration said Thursday it is requiring tightened security by U.S. air carriers at 103 airports in the Middle East and Western Europe, including X-ray or physical inspection of all checked baggage and random physical checks of some carry-on baggage.
The measures will be effective within 48 hours and "far exceed existing international standards," said the FAA administrator, T. Allan McArdor.
The new measures "may well result in passenger delays and inconvenience," Mr. McArdor said, adding that they could mean "check-in earlier, perhaps as much as an hour."
Under orders from the British Department of Transport, U.S. carriers stepped up security on all flights leaving Britain.
In an indication of the kind of measures that passengers are increasingly likely to encounter, travelers arriving from U.S.-bound flights were closely questioned about whether they had packed their own suitcases, whether their baggage contained anything that might be used as a weapon and whether anyone had asked them to carry items for them.
The measures held the prospect of longer check-in times and delays as traffic reaches expected record levels next year.
"We would like to see a steady increase in security controls in a way that does not impede the flow of passengers," said Geoffrey Lipman, executive director of the International Federation of Airline Passenger Associations in Geneva.
"Otherwise, the headlines in three months will be about congestion."
An official of the International Civil Aviation Organization in Montreal warned that no matter how much security was improved, flights would remain vulnerable to terrorists who enter at airports where security is lax.
"Even if you turned Boston or New York into Fort Knox, this would not necessarily improve security overall," said Michael Milde, director of the organization's legal bureau.
"The strength of a security system is determined by its weakest link."
Airline sources at London's Heathrow airport said baggage was being X-rayed and sealed with tape before loading.
Some elements of the intensified security are not likely to be noticed by passengers. "We never disclose the details of security procedures," said Mike Vertigan, a spokesman for the Department of Transport, which ordered U.S. airlines to take additional measures at British airports, particularly with check-in baggage.
He said it was up to the airlines to make sure the mea-



Agents at London's Heathrow airport double-check passengers.

Bush Vows to Punish Authors of Jet Attack

By Ruth Marcus
Washington Post Service
WASHINGTON — President-elect George Bush vowed Thursday to "punish severely" those who may ultimately be found responsible for the bombing of Pan American World Airways Flight 103.
Mr. Bush, who as vice president chaired an administration task force that dealt with terrorist attacks, said his reaction to the attack was "horror" and that the United States must "seek hard, and punish firmly" decisively, those who did this, if you can ever find them."
Questioned as he was leaving Texas, where he had been on a hunting trip, Mr. Bush declined to comment on what kind of action he might take if those responsible for the bombing were identified after he took office in three weeks.
"The most prudent thing a responsible official could do is to discuss what kind of action would be taken," he said. "But when I say punish severely, that's what I mean."
A State Department spokeswoman, Phyllis Oakley, said the administration believed it had a "pretty good chance" of discovering those responsible for placing a bomb aboard the flight, which exploded Dec. 21 over Lockerbie, Scotland, killing all 259 passengers and crew aboard and 11 persons on the ground.
Mr. Bush was heavily involved in a cabinet-level task force that issued a report on anti-terrorism policy in 1986. He said at the time the task force could not solve disagreements over when and how military retaliation should be used in terrorist situations, but backed the consensus view of the report for "retaliation where it could be surgically done."
He said then that neither he nor investigators work to solve the riddle of who smuggled the bomb aboard, and how. Page 8.
The State Department said Thursday that terrorism was considered to be the most likely explanation for the attack on the airliner and that there was official optimism about the chances of finding the persons responsible.
Mrs. Oakley said the chances of finding those who carried out the attack were "pretty good," based on past experience.
Earlier Thursday, L. Paul Bremer, the U.S. State Department ambassador-at-large for counterterrorism, said there was no "prime suspect."
"We shouldn't narrow our field of inquiry," he said, "until we get more evidence or intelligence that leads us in a certain direction."
The search for suspects promises to be long and difficult, involving a detailed background examination of all the victims, sources in Washington said.
See BUSH, Page 8.

Moscow Announces Limited Price Cuts

By David Remnick
Washington Post Service
MOSCOW — The Soviet Union tried Thursday to ease public anxiety that changes in pricing policy would cause rapid inflation, announcing sharp cuts in the price of some consumer goods for 1989.
In an article published in the weekly Communist Party newspaper Argumenty i Fakty, Ivan Gorbachev, deputy chairman of the State Committee on Prices, said that price cuts of 10 to 30 percent would take hold next month on textile goods and some appliances.
He was quoted as saying that the state planned to subsidize the cuts by spending 100 million rubles (\$160 million on the official exchange). Mr. Gorbachev, who is not related to the Soviet leader, also said that state planners would step up production of cheaper, high-quality consumer goods aimed at children and the elderly.
Price reform has been one of the most controversial domestic issues of economic restructuring under

2 French Girls Held as Hostages Released in Libya

By James M. Markham
New York Times Service
PARIS — Two French girls who have been held hostage for more than a year were freed Thursday in Libya and flown to France after a purported intervention on their behalf by Colonel Muammar Gadhafi, the Libyan leader.
The liberation of the two girls, Marie-Laure Bètille, 7, and her sister Virginie, 6, ended a protracted Christmas drama mounted by the Fatah Revolutionary Command, the guerrilla organization led by Abu Nidal.
The Palestinian faction claims that it seized the girls along with their mother, Jacqueline Valente, and five Belgians on a recovered fishing boat off the Gaza Strip in November 1987. The organization has accused its captives of being Israeli agents, but relatives said the group had set off to make a new life in Australia.
French officials said that it appeared Colonel Gadhafi had orchestrated the release of the two girls to improve his image at a time when the Reagan administration has raised the possibility of taking preemptive military action against an alleged Libyan chemical weapons plant.
"It is a double operation," said a senior French official, who insisted that there had been no concessions made to free the two girls. "It is a public relations effort by Gadhafi — and at the same time a threat. He shows that he is Abu Nidal."
Colonel Gadhafi has lately been seeking to win friends in France.

Bomb Was Precision Weapon

By Malcolm W. Browne
New York Times Service
NEW YORK — The bomb that destroyed Pan Am Flight 103 over Scotland last week was so perfectly timed and so devastating that its makers must have had both technical skill and considerable resources, according to experts.
A specialist at the Center for Explosives Technology Research in Socorro, New Mexico, estimated that up to 30 pounds (13.5 kilograms) of plastic explosive must have been used to blow the Boeing 747 apart at 31,000 feet.
The quantity of explosives suggests that the attackers were determined to destroy the plane.
Small bombs are sometimes smuggled into airliners concealed in flight bags or briefcases, but the quantities of explosives such packages can contain do not ensure major damage. They may merely puncture an airplane's skin and cause it to lose pressurization. Casualties and damage may result, but the airplane and most of its passengers are likely to survive, experts say.
Modern airliners have fuselages engineered to withstand the enormous stresses created by repeated cabin pressurization and depressurization, as well as the force of wind moving over the aircraft at nearly 500 miles per hour (800 kilometers per hour).
The main ingredient of the bomb, British authorities said, was probably a plastic explosive, which can be molded to any desired shape.
Plastic explosives are not part of the inventory of commercial blasters, but are common on battlefields, including those of the Middle East.
A large quantity of plastic explosive could be packed in a container inside a suitcase, experts point out, and the contents would probably pass through an airport X-ray inspection machine without attracting attention.
Some experts say that the device used to destroy the Pan American World Airways jet on Dec. 21 was almost certainly set off by an altimeter.
To achieve the greatest killing power with a bomb in a checked suitcase, an attacker would want to make sure that the bomb would explode in flight and not on the ground. For this, a simple timing device would not suffice since a departure delay would lead to a premature blast.
Until an airliner takes off, the pressure of the air inside it is the same as that outside. But soon after the crew seals the plane's doors for takeoff, air is pumped out of the cabin and baggage hold to create

Kiosk

Papandreou Vows to Stay

ATHENS (AP) — Prime Minister Andreas Papandreou said Thursday that he would not resign in the face of a series of widening financial scandals in his Socialist government.
Addressing members of his Panhellenic Socialist Movement's Central Committee, Mr. Papandreou also said that general elections would be held in June 1989 as scheduled. "I repeat, with even greater emphasis this time, that I will remain in active politics," Mr. Papandreou said.



Edvard A. Shevardnadze, the Soviet foreign minister, is seeking to stem a Soviet brain drain by easing visa rules. Page 2.

General News

Takeshita rejected opposition calls for his justice minister's resignation. Page 2.

Business/Finance

The chairman of Statoil, Norway's state oil company, may resign next spring. Page 13.

Bundesbank Holds Dollar in Check

By Warren Getler
International Herald Tribune
LONDON — The Bundesbank's hints at intervention, coupled with modest sales of dollars by the West German central bank, succeeded Thursday in capping the dollar's year-end rally, currency dealers said.
The dollar, after touching highs in London of 1.79 Deutsche marks and 126 yen in early trading, eased in light volume to close in New York at 1.7865 DM, down from 1.7895 on Wednesday. At 125.725 yen, the dollar closed fractionally above Wednesday's 125.70.
Dealers said the market was increasingly wary of further Bundesbank resistance to a rising dollar.
Richard Jeffrey, a senior economist with the London brokerage Hoare Govett Ltd., said that while the central bank's efforts to cap the dollar's advance might be successful in quiet markets, "the Bundesbank will find it much harder if there is more support for the dollar in the new year."
He added, "I would expect the dollar will appreciate a further 7 percent against the mark in the first half of 1989."
Helmut Schlesinger, vice president of the Bundesbank, said in a

A Furor in Nagasaki Over the Emperor

By Susan Chira
New York Times Service
NAGASAKI, Japan's second largest city, has been threatening to kill the mayor of Nagasaki. Three weeks ago, Mayor Hitoshi Motoshima violated one of Japan's most delicate taboos by publicly suggesting that Emperor Hirohito bears some responsibility for World War II.
Since then, a man has been arrested trying to break into his office with a can of gasoline; rightist extremists have threatened him and his family, and the police have warned him that it is too dangerous to take his daily morning walk.
He has been attacked not only by the far right, but also by the governing Liberal Democratic Party, which ousted him as an adviser to its Nagasaki party branch and pledged not to cooperate with him on city policy.
And he was dismissed as chairman of a local patriotic association.
The furor over his statement reflects issues still unresolved here: the complex, emotional symbol that is the emperor, his role in post-war Japan and the latent passions of a devastating war.
It also suggests some of the anomalies in Japan's democracy, where the principle of free speech is tempered by unspoken agreements to avoid certain subjects.
Even when the emperor was in good health, most Japanese obeyed the taboo that covers information about the emperor or his family, his wartime role or what happens when he dies.
Mr. Motoshima's comments have particular resonance here in Nagasaki, where the United States dropped a second atomic bomb in August 1945, in part to jolt Japanese officials into abandoning their demand that the emperor's life be guaranteed.
As Hirohito lies gravely ill, and most Japanese head a tacit agreement not to criticize him, Mr. Motoshima's frankness is doubly shocking.
"I didn't think that in a democratic society with freedom of speech, this would become such big news," he said, sitting in an office flanked by security guards.
"But I feel as if I have thrown a stone in a pond — at a taboo issue and at the issue of free speech — and the ripples have been spreading."
Mr. Motoshima threw his stone during a city assembly meeting, when a Communist Party legislator asked him about the emperor's war responsibility.

The New Generation: A Bhutto Meets a Gandhi

Prime Minister Rajiv Gandhi of India and Pakistan's prime minister, Benazir Bhutto, met in Islamabad on Thursday for Asian summit talks. It was the first visit to Pakistan by an Indian prime minister in 28 years. Their talks during a meeting of the South Asian Association for Regional Cooperation were expected to herald a new era of cordial relationship between the two countries.



The Associated Press

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's Anti-Israel 'Struggle'
 Senior PLO official said on Thursday to carry out a "struggle" against Israel to end the occupation of the West Bank and Gaza Strip. The head of the political organization, also accused Israeli leaders of "wanton violence" in the Middle East and of wanting to "recover our national rights, which we have lost in the United States." Mr. Kaddoumi said there are no other alternatives.

Against 3 Chun Aides
 President Chun Doo Hwan filed charges against two former cabinet ministers and a former aide, all of whom held their posts during the 1980-81 period.

Removed From S
 The name of Leonid I. Brezhnev is removed from all public buildings, including the Tass news agency said Thursday. The Communist Party, government and state bodies of Mr. Brezhnev, and one of his sons, from all "factories, administrative organizations" and to remove the names of former leaders.

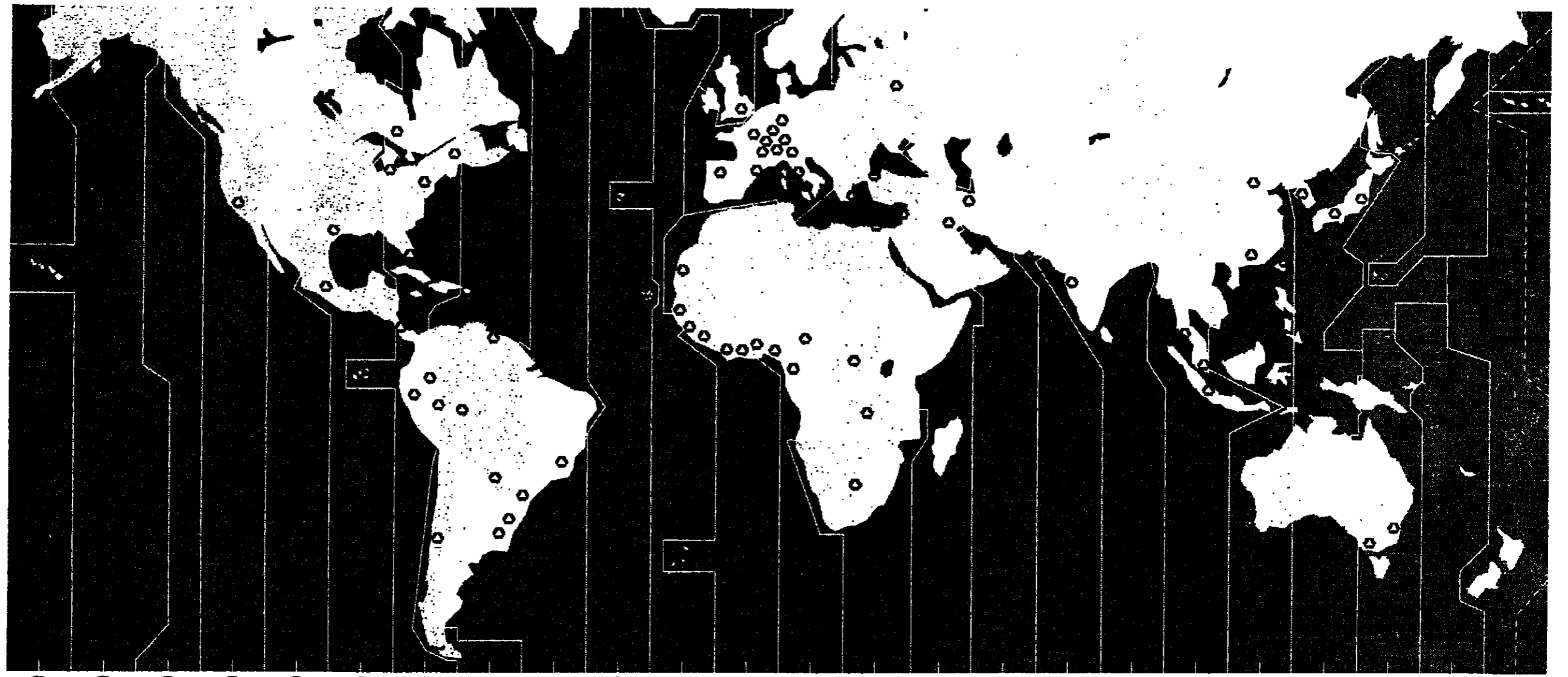
Moscow Rights For
 The Reagan administration, concerning political prisoners and emigration, is an international conference on human rights. State Department officials said Thursday. The officials said, and recently released the last known political prisoner, a Ukrainian national, and a Soviet message listing about 30 people now slated for emigration.

rd
 Thursday in the China Daily that Mao Zedong, 74, was critically ill. "Mao Zedong is in a state of old age," a spokesman for the Chinese government said. "His health is in danger." The Chinese government has allowed Britain's chief of arms to visit. The British government has said it will not sign Office said Wednesday in London. The British government has said it will not sign Office said Wednesday in London. The British government has said it will not sign Office said Wednesday in London.

VEL UPDATE
Drivers Go on Strike
 A 24-hour strike closed Lisbon's highways in what could prove a costly stoppage in what could prove a costly stoppage in what could prove a costly stoppage.

Army Repulse
a Infiltration
 Reports from Lebanon have said that the 30,000 Syrian troops and the Lebanese army, who have fought for the control of refugee camps, signed a cooperative agreement. On Sunday night, Lebanese troops stopped a Syrian band attempting to cross through the fence between Lebanon and Israel. The Lebanese army said the infiltrators were Syrian army units. The Syrian army said the infiltrators were Syrian army units. The Syrian army said the infiltrators were Syrian army units.

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Outgoing Reagan Speaks to Posterity, Seeks Place in History

By Steven V. Roberts
New York Times Service

WASHINGTON — As he enters his final weeks in office, President Ronald Reagan has been giving a series of farewell speeches and interviews that amount to his first draft of history, an attempt to defend his record and shape the views of future scholars as they evaluate the events that dominated Washington in the last eight years.

After reading these presidential comments, a dozen contemporary students of the presidency generally agree with one of Mr. Reagan's main points — that he has presided over a "revolution of ideas" that expanded the country's strength and spirit while reducing its reliance on government programs and regulations.

"He ended the New Deal," said James Cannon, a political writer who has advised many Republicans. "He said he would de-emphasize what government can do, that he would deregulate and deprogram, and he did."

But many observers also find serious flaws in the president's version of history. They accuse him of trying to distort the record by taking credit for the accomplishments of his tenure while blaming others for his most notable failures, particularly the huge budget deficit.

Moreover, some scholars express a feeling of disappointment, saying that Mr. Reagan has missed a major opportunity to leave behind a thoughtful assessment of his own experiences and to draw some lessons for generations to come.

Two of the most memorable farewell addresses, by George Washington and Dwight D. Eisenhower, warned against dangerous trends and tendencies — "entangling alliances" in the case of Washington and the "military-industrial complex" in Eisenhower's.

Mr. Reagan, the scholars say, is concerned mainly with praising and justifying himself, not with instructing others.

Stephen Hess, a senior fellow at the Brookings Institution, said of Mr. Reagan's accounts: "I thought those speeches bordered on the outrageous, given the fact that the man had been president of the United States for eight years. They contained so little that was reflective or introspective. They weren't farewell speeches, they were his last campaign speeches. They could have been given in 1984, and chunks came right out of the 1980 campaign."

Fred I. Greenstein, a professor of politics at Princeton University and an expert on the presidency, said that it was a "common human tendency" to blame others for one's problems and that all presidents give biased accounts of their administrations. "It's a way of giving ammunition to your supporters, the people who will argue for your view of history," he said. But he also regrets "how unrevealing Reagan himself is," saying: "There was never a discussion on his part of what it means to be president."

Scholars agree that Mr. Reagan's ability to restore the nation's sense of self-confidence will stand as one of his lasting achievements. "He came

along at a time in which the nation was almost despondent, self-doubting, insecure," said Ross Baker, a professor of politics at Rutgers University. "He inspired people, and I think there were concrete results from that."

Many experts also agree with Mr. Reagan when he contends that "we have transformed the debate" on budget matters. "You don't hear people argue any more that deficits are good, or that they don't matter," the president asserts.

But to budget analysts, Mr. Reagan's account of the current fiscal situation is "highly fanciful," in the words of Robert Greenstein, director of the Center on Budget and Policy Priorities, no relation to Fred Greenstein.

For instance, Mr. Reagan argues that the poverty rate has dropped in his tenure. That is technically true, said Robert Greenstein, if today's rate is contrasted with that of 1981, when the country was in a serious recession. But contrasted with 1978, when the economy was enjoying a boom, the poverty rate has increased in the Reagan years.

Scholars are also highly critical of Mr. Reagan's analysis of the "iron triangle," finding it "flat out wrong," in the words of Norman Ornstein, a senior fellow at the American Enterprise Institute.

For one thing, Mr. Reagan altered the definition of the jargon term, which has been used by experts to describe a combination of special interests, members of Congress and federal bureaucrats. The president replaced the bureaucrats with the news media, a shift that omitted any part by the execu-

tive branch of government in preserving wasteful programs.

"He used the 'iron triangle' as a rationale to say, 'Don't blame me for the deficits, blame everybody else out there,'" said Mr. Ornstein. "When you conveniently leave out the agencies, which are directly under you, that introduces an inappropriate, jarring note."

In addition, the scholars say Mr. Reagan's analysis fails to recognize that in his first term he exploited and encouraged the very power connection he now criticizes.

"Special interests," such as the Chamber of Commerce, joined with conservative members of Congress in using the press to promote the president's budget and tax-cutting plans, said Gary R. Orren, a professor of public policy at the John F. Kennedy School of Government at Harvard University.

At other times, the president praised interest groups for their fights against legalized abortion and gun control.

Finally, the presidential scholars express amazement at the president's argument that something he calls the "Washington colony" has subverted the will of the people and Mr. Reagan's own program.

"He's talked about government, throughout the years, as them — as someone else," said Mr. Orren. Said Mr. Ornstein: "I find it quite remarkable that Ronald Reagan, after eight years as the leader of the Washington colony, has so skillfully separated himself from it."

Congress Identifies Targets for Trims To Lower Deficit

By Peter T. Kilborn
New York Times Service

WASHINGTON — In the budget struggle that starts with President-elect George Bush's inauguration Jan. 20, legislators already know what the big-money options are and that many of them will be needed to reduce the federal spending deficit.

One target looming large is the \$300 billion the government spends for the military, legislators and budget experts say.

Even senior Bush associates say they are reluctant to grant the Pentagon any more money than it gets now, and a small cut looks likely, rather than smaller increases.

A cut would make room for programs that Mr. Bush and the Democrat-controlled Congress want to expand, such as support for education and AIDS research and for the enormous costs of salvaging insolvent savings and loan institutions and rebuilding the government's nuclear arms plants.

Medicare, which helps pay doctor and hospital bills for elderly and disabled people, is another big target. Spending there has been rising faster than inflation and the costs of other government programs.

"It's the second-biggest pile of money that's on the table, after Social Security," said Richard N. Brandon, staff director of the Senate Budget Committee. Some Social Security benefits — those of the richest retirees — are also vulnerable in the sense that more could be subject to income tax. Social Security is a retirement and disability plan.

Tax increases are possible as well, although few politicians will say so for the record. Mr. Bush has repeatedly said, "No new taxes," but both Republican and Democratic leaders in Congress predict that he will give a little ground.

Taxes that meet other policy goals and can be described as "fees" and "loophole fillers" are potentially the easiest to increase. An increase in the 9.1-cent-a-gallon federal gasoline tax, which a lot of lawmakers favor, could be called a user fee for road maintenance.

Raising the taxes on alcohol and tobacco is a relatively easy choice, too. Higher "sin taxes" could be sold as curbs for bad habits and as a source of government funds for treating people who fall ill because of drinking and smoking.

Because of the deficit, the setting of priorities in the Bush administration could be the most difficult since the Great Depression. President Ronald Reagan complained

about the constraints on him eight years ago, when he inherited an annual deficit of \$79 billion and a debt of \$1 trillion. But he is leaving Mr. Bush a deficit of \$150 billion to \$160 billion in the 1989 fiscal year and a debt of \$2.6 trillion.

The constraints arise in part because of the cost of carrying the debt. Just paying interest on the securities that the Treasury sells to finance the debt accounts for 14 percent of all government spending, \$160 billion or so.

To be sure, some people, not all of them partial to Mr. Reagan, argue that the deficit is not nearly so oppressive as is generally believed. The burden of the deficit on the overall economy, they say, has been receding from the extremes it reached late in Mr. Reagan's first term.

Many economists also warn that even if the deficit remains a major burden for the economy, a fast and brutal assault on it could damp the nation into a recession.

On the other hand, many lawmakers feel that the financial markets will force them to do something about the deficit. Worries about a stock-market collapse like the one of Oct. 19, 1987, drove Representative Silvio O. Conte of Massachusetts, a leading Bush ally who is the ranking Republican on the House Appropriations Committee, to write the president-elect urging a bipartisan meeting on the deficit soon after the inauguration.

"It's time to take presumptive action," Mr. Conte wrote. He added in an interview that a revenue increase was a foregone conclusion.

On Jan. 9, Mr. Reagan will submit to Congress his 1990 budget, which Mr. Bush is expected to use as the basis for his own negotiations with Capitol Hill. The Reagan proposal will maintain that without any changes in taxes and spending the 1990 deficit will be \$127 billion, but that the changes Mr. Reagan urges will reduce it to \$92.5 billion.

Leaders of both parties appear to be in accord with Mr. Reagan in their deficit-reducing goal: \$20 billion to \$40 billion less than what the deficit would be without tax and spending changes.

That the struggle turns less on the deficit's size than on the spending cuts and revenue changes needed to achieve the reduction.

A likely target for spending restraint is the military. The \$300 billion the armed forces are consuming in the current fiscal year amounts to 27 percent of the \$1.1 trillion in total government spending.

Allies Have to Do More on Defense, Shultz and Carlucci Tell Congress

By Richard Halloran
New York Times Service

WASHINGTON — The secretaries of state and defense have told Congress that the Western Europeans, the Japanese and the South Koreans can and should shoulder more of the military and financial burden for the common defense.

Secretary of State George P. Shultz and Defense Secretary Frank C. Carlucci said in a report, "We are convinced that a more equitable sharing of the roles, risks and responsibilities for the common defense is needed and is achievable."

They addressed an issue known here as burden sharing, meaning the funds and forces that members of NATO as well as Japan and South Korea provide for common defense. It promises to be a critical question for President-elect George Bush in the coming year.

Deputy Secretary of Defense William Howard Taft 4th, who has been negotiating with the Western Europeans, the Japanese and the South Koreans for the last year, said Wednesday that the issue "is front and center."

Burden sharing was addressed in the last session of Congress when a special panel led by Representative Patricia Schroeder, Democrat of Colorado, concluded that the allies

were not carrying their fair share of the burden.

With a drive to hold the line on military spending gaining strength as a means of reducing the federal budget deficit, congressional demands for greater effort by allies is widely expected.

Such demands will include a call for reducing U.S. troop strength in Europe or for rotating U.S. units instead of posting them abroad permanently.

Moreover, political support for military preparedness in Western Europe has been eroding after the treaty between the United States and the Soviet Union under which medium-range, ground-launched missiles are being eliminated.

Mikhail S. Gorbachev, the Soviet leader, has bolstered that sentiment by saying he will withdraw large numbers of Soviet troops from Eastern Europe.

The diplomatically worded report, made public Wednesday,

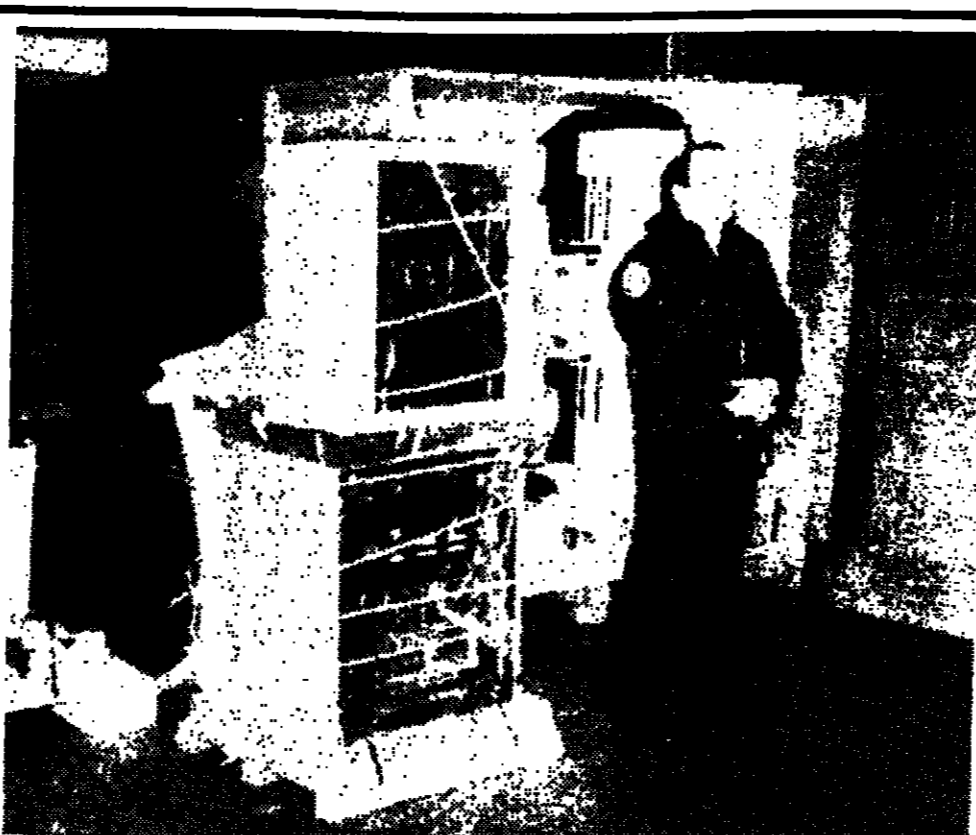
tried to paper over the allies' reluctance to pick up a larger share of the burden and the inability of the United States to persuade them to do so. But careful scrutiny showed where the flaws are.

Only the United States and Britain in recent years have been making "significant contributions relative to their ability to contribute," the report said.

Greece and Turkey were mentioned, but the report failed to say that most of their military preparations are aimed at each other, not the potential adversaries of the North Atlantic Treaty Organization to which they belong.

In addition, the report said, "only a few nations have managed to meet NATO's 3 percent real growth objective on a generally consistent basis." That referred to an agreement reached during the Carter administration under which members of NATO pledged to increase military spending by 3 percent each year.

The report pointed to several nations whose contributions were seen as far below par or were seriously declining. They include Belgium, Canada, Denmark, Luxembourg, Spain. The Spanish government had ordered the removal of a wing of American F-16 fighters from its soil; the wing will be transferred to Italy.



3 Europeans Held in High-Tech Smuggling Scheme

A U.S. Customs officer guarded crates containing nearly \$1.5 million in computer equipment seized in Boston and believed destined for Bulgaria. Export of such equipment to East bloc nations is restricted. Franciscus Govaerts, of the Netherlands, and Marcel Sanders, of Belgium, have been charged in Boston with violating export laws and with money-laundering, the Customs Service said.

NEW! SPANISH COMPANY HANDBOOK 1988

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U.S. Remains Wary of Iran Talks Offer

Los Angeles Times Service

WASHINGTON — Iranian intermediaries have approached the Reagan administration in recent weeks offering to arrange direct talks between the United States and Iran, but the State Department is still waiting for an official message from Tehran, according to U.S. and Iranian sources.

The most recent approach came two weeks ago, when an unofficial envoy provided the name of an Iranian official who he said was ready to enter into talks with the United States, the sources said Wednesday.

State Department officials said that they were ready to open talks with Iran, but only on the basis of an official approach from the Tehran government.

"We're certainly willing to have an official meeting, and if the government of Iran is ready they know how to contact us," a senior official said. "We'd be happy to receive such a message directly from the government of Iran, but we are hesitant to pursue the many approaches we get from intermediaries."

"We have the sense that the Ira-

nians are not yet ready for direct talks," he added.

Secretary of State George P. Shultz has said that the administration is willing to hold talks with Iranian officials, but only if the meetings are publicly acknowledged by both sides. That condition is a result of the Iran-contra scandal, which erupted in 1986 with the discovery that White House officials secretly sold weapons to Iran in hopes of winning the release of U.S. hostages in Beirut.

But Iranian officials are apparently unwilling to risk a political

backlash at home by opening talks with the United States. Some have warned that they would welcome warmer relations with Washington, but Iran's leader, Ayatollah Ruhollah Khomeini, has remained rigidly anti-American.

The sabotage of Pan Am Flight 103 appears to have heightened concern among moderates in Tehran that Iran's gradual movement toward better relations with the West continue, U.S. officials said. They noted that the Iranian government immediately disavowed responsibility for the bombing.

China and U.S. Spar Over Travel Curbs

The Associated Press

BEIJING — China accused Washington on Thursday of imposing "discriminative restrictions" on the travel of Chinese envoys in the United States, escalating a retaliatory dispute over diplomatic travel privileges.

Li Zhaoxing, a Foreign Ministry spokesman, said that talks this month on the issue had made no progress because "the U.S. side failed to make a response to the positive proposals put forward by the Chinese side."

A State Department spokeswoman, Phyllis E. Oakley, had said Wednesday in Washington that Chinese restrictions recently imposed on U.S. diplomats were "unreasonable" because they went "well beyond restrictions" on Chinese diplomats in the United States.

Mr. Li dismissed Mrs. Oakley's statement as "entirely unreasonable." "For many years," he said, "the United States has been adopting discriminatory restrictions on the travels in the United States of the Chinese diplomats in China's consulate generals to the United States."

Tit-for-Tat Restrictions

Don Oberdorfer of The Washington Post reported earlier from Washington:

"While their leaders have been toasting the 10th anniversary of normalized relations, U.S. and Chinese diplomats have been imposing increasingly strict travel restrictions on each other in a tit-for-tat dispute that broke out earlier this year, the State Department acknowledged Wednesday."

Mrs. Oakley expressed a U.S. desire to reverse the trend and move toward freer diplomatic travel. But she said that the U.S. side was "disappointed" with the results of the last round of bilateral discussions on the subject, held in Beijing Dec. 7 and 8.

The U.S. consulate at Shenyang in northeast China sought to visit a nearby smaller city, Dandong, which is along the border of China and North Korea.

In lengthy discussions over many months, China seemed at times to agree to the request but, in the end, U.S. diplomats were refused permission to make the trip. In retaliation, the United States imposed new restrictions Oct. 15 on Chinese

diplomats stationed at their consulate in Chicago, blocking them from driving outside Cook County, in which Chicago is located.

The Chinese early this month responded by imposing new travel restrictions on U.S. diplomats at Shenyang and Shanghai. Under these rules, U.S. diplomats in both cities must apply at least 48 hours in advance to visit any other Chinese city, whether or not the city is generally available to visitors.

On the heels of that action, the State Department is considering further steps against Chinese diplomats, but Mrs. Oakley said no decisions had been made.

A senior State Department official said that officials hoped to find a solution that would avoid a new spiral of restrictions. The official described the travel tiff as "a minor matter," but acknowledged that it could become more troublesome if a solution is not found soon.

Sudan Protests Continue Over Prices

By Jane Perlez
New York Times Service

NAIROBI — Rioting and strikes continued in the Sudanese capital, Khartoum, and other parts of the country Thursday, even though the government rescinded the price increases that caused the unrest and the withdrawal of a key political party in the coalition government.

Police shot into a crowd of demonstrators in the capital, killing one person and injuring as many as 40, according to news agency reports.

The departure on Wednesday of the Democratic Unionist Party, the second-largest party and the sole member of the coalition to endorse a peace agreement with Sudanese rebels, led in doubt the future of the government of Prime Minister Sadek Mahdi.

The party's leader, Mohammed Osman Mirghani, called for a caretaker government to precede new elections.

It was not clear whether the party would rejoin the coalition after the government announced the cancellation of the food price increases, which would have included a 500 percent rise in the price of sugar, which the Sudanese value highly as a cooking ingredient.

Mahdi, chanting such slogans as, "The head of the prime minister is a public demand."

A general strike by the Sudanese Federation of Trade Unions left the country's air, rail and shipping facilities moribund. There was no indication when the Khartoum airport would open after shutting down Wednesday.

The government said Monday that the price increases, on cigarettes as well as sugar, would go into effect along with new taxes on imported goods. The announcement came after news of a pay increase for civil servants. The government, which has a \$12 billion foreign debt and is reportedly spending \$1 million a day fighting a civil war against southern rebels, said the price rises were necessary to pay for the wage increases.

The Democratic Unionist Party threatened to leave the government last week after parliament rejected a plan to end the civil war that Mr. Mirghani had signed along with the leader of the Sudan People's Liberation Army, John Garang. The agreement, signed last month in Ethiopia, called for the convening of a constitutional conference by Dec. 31, as well as a cease-fire and a postponement of the implementation of Islamic law calling for punishment by amputation.

The agreement's effectiveness was dependent on parliamentary approval. The Islamic National Front, the group strongly advocating the Islamic laws and the third member in the coalition along with Mr. Mahdi's Umma Party, opposed the peace plan, calling it a "sellout." The two parties backed an alternative peace proposal, which excluded any reference to postponing the enactment of Islamic laws.

Earlier this week, Mr. Garang, who opposes the laws, announced that his group would continue hostilities.

Mugabe Orders Inquiry Into Gift Allegations

The Associated Press

HARARE, Zimbabwe — President Robert Mugabe has ordered an official inquiry into reports that senior government officials were involved in a profitable car sales racket.

It was the first public move by Mr. Mugabe to investigate widespread reports of top-level corruption since he led the country to independence in 1980. He gave investigators until March 15 to check on allegations implicating 20 cabinet ministers.

Herald Tribune
INTERNATIONAL
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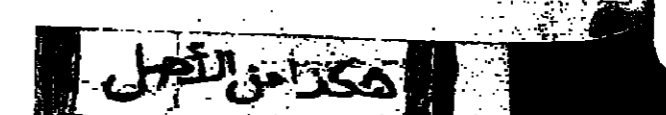
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COMPANY _____

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CITY/COUNTRY/CODE _____ 30-12-88



Identifies or Trims r Deficit

about the constraints on him eight years ago, when he inherited a debt of \$79 billion... Mr. Bush a deficit of \$150 billion... \$160 billion in the 1989 fiscal year and a debt of \$2.6 trillion.

The constraints arise in part because of the cost of carrying securities that the Treasury sells to finance the debt accounts for 16 percent of all government spending, \$160 billion or so.

To be sure, some people, none of them partial to Mr. Reagan, argue that the deficit is not nearly as oppressive as is generally believed. The burden of the deficit on the overall economy, they say, has been receding from the extreme reached late in Mr. Reagan's term.

Many economists also warn that even if the deficit remains a very burden for the economy, a fiscal assault on it could dampen the nation into a recession.

On the other hand, many lawmakers feel that the financial markets will force them to do something about the deficit. Mr. Reagan's one of Oct. 19, 1987, Representative Silvio O. Conte, Massachusetts, a leading Republican who is the ranking member of the House Appropriations Committee, to write the president urging a bipartisan meeting on deficit soon after the inauguration.

"It's time to take pre-emptive action," Mr. Conte wrote. He said in an interview that a tax increase was a foregone conclusion. On Jan. 9, Mr. Reagan will submit to Congress his 1990 budget which Mr. Bush is expected to use as the basis for his own negotiations with Capitol Hill.

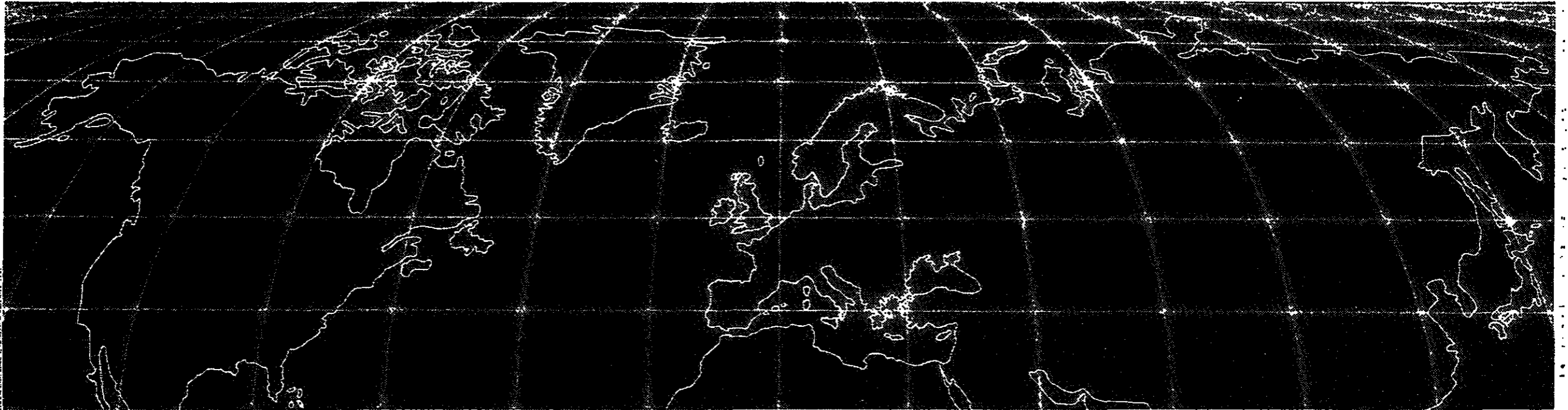
Leaders of both parties appear to be in accord with Mr. Reagan's deficit-reducing goal of \$127 billion, but that the deficit would be reduced to \$92.5 billion. Thus the struggle must be the deficit's size than on the spending cuts and revenue changes needed to achieve the reduction.

A likely target for spending restraint is the military. The \$1 billion the armed forces are summing in the current fiscal year amounts to 27 percent of the \$3.7 trillion in total government spending.

"Nothing in the world is more powerful as an idea whose time has come."

Victor Hugo
(French novelist 1802-1885)

in research and technology, and of the skills of our people. In this way we will uphold our reputation that we build the best cars in the world. We also create new ideas for communications, transport, and industrial automation. In addition, our international competitiveness in aviation and aerospace is strengthening



Talks Offer

backlash at home by opening with the United States. Said said that they would restore warmer relations with Washington but Iran's leader, Ayatollah Khomeini, has remained anti-American.

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The markets of our world are converging, creating new global opportunities and challenges any successful enterprise must meet early on. This is our goal. With Mercedes-Benz, AEG and Deutsche Aerospace functioning as three divisions under the Daimler-Benz name, we are now expanding into a worldwide technological role. Making full use of available synergies

as we increase our comprehensive system capabilities. We are meeting all these challenges by committing all our energies and all our knowledge to the task ahead. We are doing this in the total interest of our customers. We wish you a happy and prosperous New Year.

Daimler-Benz

Daimler-Benz AG, 7000 Stuttgart, Mercedesstraße 136, West Germany.

Travel Curbs

On the heels of an announcement from the State Department that it is considering further steps against Chinese-made but Mrs. Oakley case, a senior State Department official said that officials have a situation that would permit a partial of restrictions. The described the travel bill as a "matter" but acknowledged that more restrictions would become more likely if a solution is not found.

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Mugabe Orders

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Herald INTERNATIONAL Tribune

Too Timid Over a Visit

President Hosni Mubarak's prospective visit to Israel has disappeared in the desert sands, another victim of Arab shortsightedness and Israeli intransigence.

for the long-term disposition of these territories, Mr. Shamir has long made clear his intention to keep them as part of Israel.

Don't Write Off Panama

Of all the small Latin and Caribbean countries that confound U.S. policy, none is more frustrating — for being so largely a problem of domestic making — than Panama.

found a way to oust General Noriega not opened space for others to try.

In Peru, a Deadly Cycle

Earlier this month, Carlos Escobar Pineda was honored in New York for his effective work as special prosecutor for disappearances in Peru's troubled Ayacucho region.

It has been Mr. Escobar's singular achievement to make charges of official complicity stick. In 1983, his investigative efforts helped convict a Civil Guard officer and 10 policemen of the murder of villagers attending a wedding.

Poverty Made in America

Americans told themselves for many years that slums and poverty were the unfortunate but unavoidable byproducts of rapid economic growth.

son is that social benefits in all of those countries are more generous.

Enough Brinkmanship on the Subcontinent

By Raju G. C. Thomas

CAMBRIDGE, Massachusetts — Until recently, I was one of those Indian defense specialists who supported India's refusal to sign the nuclear nonproliferation treaty.

ment, Pakistan has obtained huge amounts of economic and military aid during the Reagan years.

ask himself whether India is more secure under regional nuclear brinkmanship or in a situation where both India and Pakistan are signatories to the nonproliferation treaty.

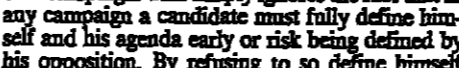
If Pakistan and India would sign the nonproliferation treaty, other treaty holdouts surely would follow.

India and Pakistan are caught in a latent nuclear arms race. For India, the more remote Chinese nuclear threat, with which it has lived for almost 25 years, could hardly be as worrisome as current nuclear developments in Pakistan.

The Woeful Democrats Need Substance, Not Strategy

By Ted Van Dyk

WASHINGTON — Each new day brings a new postmortem of the Democrats' fifth defeat in the past six presidential campaigns and a corresponding proposal for change.



own campaign. This simply ignores the fact that in any campaign a candidate must fully define himself and his agenda early or risk being defined by his opposition.

could be eliminated by moving these two states later into the process in 1992.

Trade: Atlantic Skirmishes Require a Pacific Response

By Malcolm Fraser

TOKYO — The international trading environment has deteriorated sharply in the past few years. There is no sign that the current round of negotiations under the General Agreement on Tariffs and Trade will repair serious deficiencies in the GATT framework.

less than American workers, Washington could initiate retaliation.

members should commit themselves to no increase in protection of any kind against other members.

Rescuing the New Latin Democracies

By Daniel Poneman

WASHINGTON — The advent of democracy through Latin America has been a great boon to U.S. foreign policy in the 1980s.

its huster. It is democracy that incurs the people's wrath for failing to solve the economic mess that civilian governments inherited from the military.

political support for democracy; that has been freely given. Militarily, Washington should be able to respect for constitutional norms.

Yugoslavia: The Skewer Still Turns

By C. L. Subberger

BELGRADE — Fifty years ago when I first came to this capital, it could win a foreigner's heart by its pleasant originality.

The evolution of Belgrade over this half century has been immense — indeed, horrendous. The population has surpassed 1.5 million and monstrous new housing projects and government buildings have risen across the Sava River.

At this time, back in 1964, the Republican Party was reeling from the historic one-sided defeat of Senator Barry Goldwater and its congressional, state and local-level candidates.

100, 75 AND 50 YEARS AGO

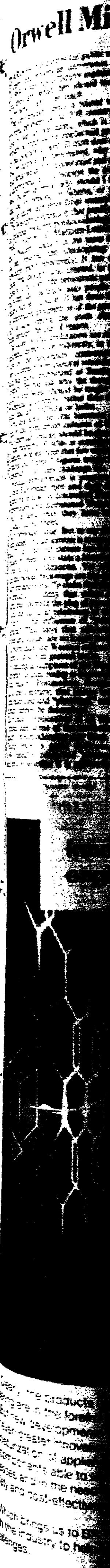
1888: America Prospers NEW YORK — The cable in yesterday's Herald announcing the dividends of the Vanderbilt railways had a national significance, as far as the United States is concerned.

1938: British Revolution LONDON — Prime Minister Neville Chamberlain, in a New Year's message released for publication tomorrow, serves notice that Britain "will not make any concessions to force."

1913: Balloon to Russia PARIS — M. Paul Leprieux, the French aeronaut, landed in Russia on Saturday [Dec. 27] after a remarkable trip of 1,600 kilometers, under very adverse conditions.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1988-1992 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairman

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Yugoslavia: The Skewer Still Turns

By C. L. Sulzberger

PARIS — Fifty years ago when first I came to this city...

There was an amiable, friendly about this Serbian center...

The evolution of Belgrade over half century has been immense...

Belgrade today is the capital of a mixed population, beset by economic and ethnic problems...

Meanwhile, a complicated, noxious crisis has produced...

I talked about all this with Raif Dizdarevic, a Bosnian...

The Yugoslav president's special security messengers had been taken on the Albanian...

The country's ghastly economic situation does not help the problem...

The Yugoslavs have a tendency to complicate apparently simple things...

I am certain that what has happened is a political and social reform...

The writer is a political correspondent for The New York Times...

ND 50 YEARS AGO Saturday (Dec. 27) after a trip of 1,800 kilometers...

1938: British Road LONDON — Prime Minister Chamberlain...

Orwell Might Have Been Surprised

By William Pfaff

PARIS — It is matter for public concern that American universities begin 1989 in serious difficulty...

The universities' crisis is related to a profound problem of the 20th century, a cause of war in our times...

The values of this civilization are now questioned, directly or indirectly...

Behind the cultural relativism of the controversy is the influence of "postmodernism"...

The political implications of all this are greater than some of the academic sponsors of postmodernism may think...

George Orwell's great dystopia, "1984," basically concerned whether truth exists or whether it is arbitrarily invented by a power-system...

He might have been surprised by what happened: Nazi totalitarianism has been so discredited...

All the things pushed down the memory hole are having to be taken out one by one, uncrumpled and flattened...

Moral reasoning, he says, is itself historical, functioning in terms of a tradition and cultural legacy...

Why are we anti-racist? We know that it is right. How do we know? Fifty years ago black people certainly knew it...

Seventy-five years ago most Gentile Europeans and North Americans were probably, to some degree, anti-Semitic...

Who can say what people may believe or do 50 or 100 years from now...

A visit to Delphi, in Greece, is a sobering experience. Next to the Acropolis, Delphi is the most important archaeological site in the classical world...

They speak as well. At Delphi, incised at the entrance to the Temple of Apollo, were two very modern injunctions: "Know Thyself" and "Nothing in Excess"...

International Herald Tribune Los Angeles Times Syndicate

OPINION



LETTERS TO THE EDITOR

Why the Left Bears Right

Regarding "What's Left of the Left Bears Right," (Opinion, Dec. 20): Jim Hoagland chides Europe's left-of-center governments...

What About the Children?

Regarding "Reagan is Right to Refuse a Pardon for Their 'Hero'" by Anthony Lewis (Opinion, Dec. 9): The reasons Mr. Lewis gave for not pardoning Oliver North are valid...

Think Harder About Israel

Regarding "Let the Enemies of Israel Go to Geneva, and Stay There" (Opinion, Dec. 11) by George F. Will: Mr. Will has long been a thoughtful, probing critic of the Palestinians' efforts to regain their homeland...

Taiwan's Second Dozen

Regarding "Taipei and Beijing: Don't Disturb the Dancers" (Opinion, Dec. 12): In referring to Communist China's attempts to isolate Taiwan internationally...

They Want a Cadillac Body, With an Option on a Brain

By John Foy

PARIS — In an age of specialists, why should athletes be barred from specializing? Why should they be penalized for using anabolic steroids?

Professional and amateur athletes have been rummaging through Pandora's medicine cabinet for a while now. Few of the medalists and insiders at the Summer Olympics in Seoul were stunned when Ben Johnson tested positive for banned drugs...

BRADFORD TREBACH Riverdale, New York. Ally, Alton Frye states that the island republic has diplomatic relations with only 22 governments...

Nuclear and Other Waste

In response to William Broad's report "Now a Meltdown-Proof Nuclear Reactor" (Dec. 8), David Lowry (Letters, Dec. 8) objects that "nuclear waste will remain a problem"...

Taiwan's Second Dozen

Regarding "Taipei and Beijing: Don't Disturb the Dancers" (Opinion, Dec. 12): In referring to Communist China's attempts to isolate Taiwan internationally...

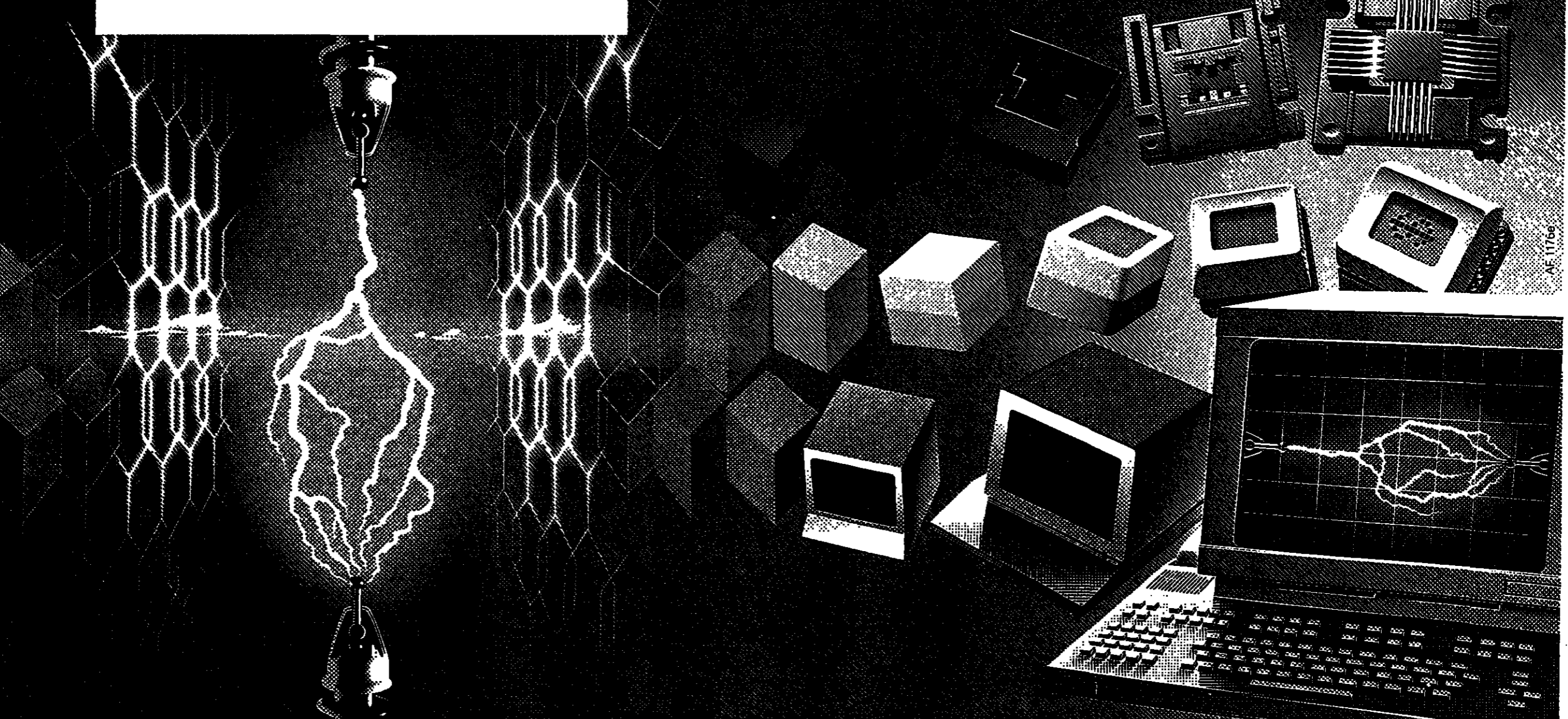
Take the case of a hypothetical male sprinter. Like any specialist, he knows that to succeed in his field he has to narrow his vision. That means sacrifice. After the rigors of physical training, already a form of damaging specialization, the sprinter goes a step further...

BRADFORD TREBACH Riverdale, New York. Ally, Alton Frye states that the island republic has diplomatic relations with only 22 governments...

So look where we're heading. As the steroid trend continues, sports events become tests of the effectiveness of drugs. What Ben Johnson really was in Seoul last summer was the fastest human on stanozolol over a distance of 100 meters...

RON HAYTER Edmonton, Alberta. International Herald Tribune

Innovations for electrical engineering from chemistry.



Clearly, the products of electrical engineering are in the forefront of progress. But new developments in the industry call for even greater innovation. Especially in the miniaturization of appliances...

For example, electrically conductive plastics will provide new stimuli in storage battery technology. And, conversely, chip carriers, produced from special polyamides, protect sensitive electronic components against electrostatic charges.

ranging from cable sheathing to appliance housings. Plastics are far from our only area of innovation, however. Case in point: computer keyboards. A new development in keyboard technology-LCD keys-provides access to as many as 40 character sets with a total of 4000 characters.

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Teamwork between the chemical and electrical engineering fields can spark the solution to problems faced by both.

The Spirit of Innovation. BASF

TRAVEL

- York's Gothic Glory
- What to Do in Dakar
- Denmark Says 'Skaal'

International Herald Tribune

TRAVELER'S CHOICE

Around the World on the Concorde

Ninety-seven passengers can go on an around-the-world supersonic Concorde flight that William F. Buckley Jr. has chartered for a 24-day adventure in April. The trip costs \$39,000 a person in double occupancy for the 37,999-mile journey — or slightly more than a dollar per mile. It includes deluxe accommodations during stays in Mexico, Hawaii, Tahiti, New Zealand, Australia, Sri Lanka, Kenya, South Africa and London. The trip will mark the first time that the Concorde has circled the globe entirely at supersonic speeds and is expected to set a new world record by flying at an average of 1,058 miles (1,700 kilometers) an hour. Information: Lorraine Travel, 1001 Northwest LeJeune Road, Miami, Florida, 33126.

Antarctica Cruises Limited

The National Science Foundation and several tour operators have agreed to limit to 16 or 17 the number of cruise ships visiting Antarctica, about the same number as last year. The agreement is meant to control damage to the environment and to help scientists there get on with their work. As many as 30 ships, each with 100 passengers, would like to visit the Palmer Station research laboratories this season, said John Talmadge, director of the the National Science Foundation's polar programs division, but the foundation persuaded the tour operators to cut the number of visits. The season lasts only 60 days — from mid-December to mid-February. Talmadge said the foundation asked for the cutbacks because the tours were interfering with the work of the scientists, and the ships and passengers were having an impact on the delicate sea and land environment.

"If it was the Popular Front," State Department official said "they couldn't have done it without the assistance or at least the knowledge of Syria. I think we have to look at Syria differently."

The United States already threatened to take military action against a chemical weapons site inside Libya. A proven site at the Pan Am bombing by the Free Revolutionary Command, a terrorist group based in Libya, said Abu Nidal, would seem unlikely justification for an attack against Colonel Muammar Gaddafi's regime.

The United States and other nations isolated Syria diplomatically in 1986 after Britain's charge that Syria sponsored an effort to slip an El Al jumbo in flight from London for Israel. The plane came after a series of terrorist attacks believed to be supported by Syria.

London Theater Info by Phone

A telephone service in London that will give callers the latest information on theater ticket availability and prices for West End performances has recently gone into service. The service, called Theatreland, has a different number for each kind of theatrical production. The whole number must be dialed, even in London. Plays: 0836-430959; musicals: 0836-430960; comedies: 0836-430961; thrillers: 0836-430962; children's shows: 0836-430963; opera, ballet, dance: 0836-430964.

See Fuji or Room Free

During much of January, the Hotel Mount Fuji promises a free room to guests whose view of the nearby mountain, Japan's tallest and most reverentially regarded, is blocked for more than one minute during their stay. The hotel, about two and a half hours by rail and bus or taxi from Tokyo, is in a winter-sports region that typically is clear and cold at that time of year. Rates for rooms, both Western- and Japanese-style, range from about \$56 to \$360 a night. Currently, the offer applies Jan. 6 to 31.

Hawaiian Maritime Museum

The Hawaii Maritime Museum, which focuses on the ocean cultures of Europe and the Pacific, opened this month near downtown Honolulu at Pier 7. Visitors to the large two-story building are greeted by a big outrigger canoe in the process of being built, part of the exhibit. Other exhibits feature surfing, ocean weather, yachting, shipwrecks, traditional Hawaiian fishing and ahupua'a — the explanation of the traditional Hawaiian relationship between land and sea. On the water alongside the museum are two ships: the Falls of Clyde, a historic Western ship, and the Hokulea, a copy of an outrigger canoe that brought Polynesians to the islands. There are also hands-on activities for children. A boat built on the deck of the museum lets youngsters get involved in such activities as walking the plank, climbing into the crow's nest and shooting the water cannon. Art on view includes works by Herb Kane, Ralph Kaghhiro and Cathy O'Neill.

Brussels-Luxembourg Expressway

With the completion earlier this month of two sections of road near Luxembourg, the Brussels-Luxembourg Expressway is fully in service. Travel between the two cities, which used to take three hours, now takes two. (The detours around the last stretches of construction had added about 20 minutes.) The completed system is elevated, has improved lighting and additional access ramps. It completes the freeway network that links Amsterdam, Ostend, Brussels, Luxembourg, Strasbourg and cities in Switzerland and Italy. An additional freeway, to run between Liège and Luxembourg, is scheduled to be completed in 1990.

Bocuse's Decline? The Reply Is on the Plate

LYON — Like many public quarrels, it began quietly. A few weeks ago a 1989 edition of Christian Millau's French restaurant guide, the Gault-Millau, appeared in book stores, the world's best-known chef, Paul Bocuse, had been taken down a peg.

The current edition reduces his restaurant's rating from a 19 out of 20 to an 18 and from four symbolic toques to three, suggesting that it wasn't so much that Bocuse had declined, but that other younger and more energetic and creative chefs were surpassing him. The guide also took away his *laurier de l'art de vivre*, the symbol used to alert diners that the restaurant offers regional cuisine.

Bocuse — who since 1965 has held the Michelin guide's highest rating of three stars — responded by sending out Christmas cards showing cartoons of Christian Millau dining, as is his custom, with his dog. Under the title "Les Critiques Gastronomiques," one cartoon shows Bocuse standing beside the pneumatic Michelin tire man at table. The Michelin man points to Millau, who is feeding his dog from the table, and says: "Ce type me gonfle," an expression playing with the Michelin man's inflatable appearance while also suggesting "this guy's getting on my nerves."

We returned last week to this bright and

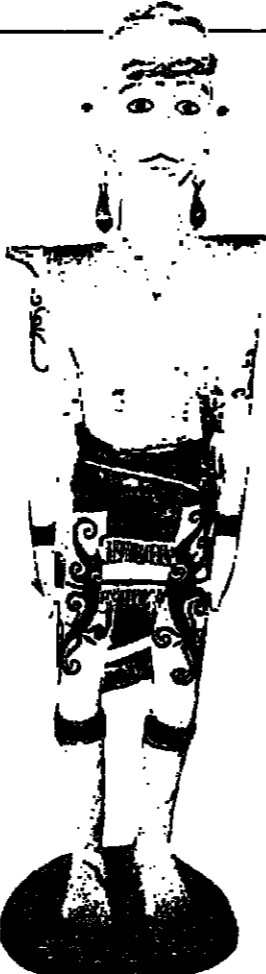
flashy restaurant on the Saône River north of Lyon to see for ourselves. With its new coat of cinnamon-red paint and candles shining from every window of the big house where Paul Bocuse was born, the restaurant appeared as animated and alive as ever. And as we imagined, basically nothing had changed.

Walk in as two foreign women, and you're not likely to be ushered to the best table in the house. Order a glass of champagne and they may bring you a kir. As with any institution that is open 365 days a year, one senses that some among the staff occasionally have trouble waking themselves up from the unchanging routine.

But the best reasons for dining at Bocuse are still there: the familiar, homey menu in its pure and simple glory, the roaring fire, the children's menu (an idea Bocuse swiped from Disney's Epcot Center), the tall candle-lit ceremony at each table. Bocuse at 62 is still bigger than life, but he's there touring the dining room, sitting to chat with guests, sipping Mumm's champagne and seeming to worry about his thickening girth. No matter how overblown and overpublicized Paul Bocuse might be, a trip to Col-

Traditions and Museums in Borneo

by Marvine Howe



A tribal fetish made of carved wood, in the Sarawak Museum.

ON BORNEO, farmers still appeal to the spirit of the rice paddy, communities continue to live in longhouses, people collect birds' nests from the roofs of caves, orangutans play in the rain forests, and orchids grow wild by the wayside.

But motor boats have largely replaced the longboats that used to ply the rivers, and descendants of headhunters now prove their valor by coming home with a university degree. Other transformations are underway with improved communications and economic development.

Borneans are becoming concerned that the island's traditions and wildlife are doomed, as loggers and developers spread into the interior, followed by TV and tourists. For this reason, museums of Borneo have assumed the mission of collecting artifacts as well as preserving customs, legends and wildlife.

Borneo — about 500 miles east of Singapore — is one of the world's largest and least known islands, larger than Texas, with a flat swampy coastline, high mountain ranges and dense jungles. The island is split politically into the northern states of Sarawak and Sabah, former British Crown colonies that joined the Federation of Malaysia in 1963; the Sultanate of Brunei, a northern enclave and former British protectorate, which became independent in 1984; and Kalimantan, the vast, little developed southern sector, a province of Indonesia.

SARAWAK MUSEUM: The earliest and best-known museum was created more than 100 years ago by Sir Charles Brooke, the second of the white rajahs who ruled the territory as if it were their private plantation for about a century until World War II. The museum opened in 1886 in a temporary building in Kuching, the state's capital. In 1891, the museum moved into its permanent building, designed by the rajah's French valet along the lines of a Norman town hall and set in a spacious garden. The museum grew steadily until the depression of the '30s and then the Japanese occupation, when the museum and its research activities declined from lack of funds.

When Sarawak became a British colony, the museum was put under the direction of the late Tom Harrison. Scholars were invited to carry out research and studies on ethnic groups and wildlife. As curator, Harrison used to say a museum in a small country must be inclusive, never specialize and "be interested in everything, collect everything." After Sarawak joined Malaysia, a Malaysian was named director but Harrison's policies were maintained and the staff, funds and space were increased.

Today, the Sarawak Museum includes two large exhibition areas, an administration building, two storage houses, a workshop and a building for reference library and state archives. The original museum has displays on ethnography, natural history and mineral resources. An extension in the Dewan Tun Abdul Razak, or former legislative assembly, includes archaeological artifacts, heirlooms and a documented history.

In addition to its regular activities, the museum has the responsibility to find, acquire and protect antiquities and historical monuments.

Among the most popular exhibits are models of the Iban longhouses, the traditional bamboo and palm-thatch dwellings on stilts where 5 to 30 families live in one-room apartments under a common roof, sharing work and social activities.

"People identify themselves with the longhouse," Peter Kedit, the museum's ethnologist, said recently. But now Ibans increasingly live in one-family homes and the institution of the longhouse, with its democratic decision making and mutual assistance, is threatened.

The Ibans, mostly rice, pepper or rubber farmers, are the largest of Sarawak's 25 ethnic groups, making up nearly one-third of the population of 1.5 million. Another Iban exhibit is the icon from the Hornbill Festival, a brightly painted wood bird, which is paraded along the longhouse gal-

lery, then hoisted on top of a pole, as a sign of readiness to attack the enemy.

A display from the Bidayuh, one of the main ethnic groups, features spirit images, faces carved on wooden posts usually placed at the entrance of a village. The Bidayuh are rice farmers in the Kuching area and are known for intricately carved bamboo musical instruments.

From the Melanau come sickness images, small wooden figures with their arms placed over the sick area, intended to drain away the evil spirit. The Melanau, a coastal people who generally live by fishing, also make horn-ivory fetishes to attract fish.

The finest wood carvers are found among the Kenyah and Kayan minority groups, generally upriver rice and rubber farmers. Exhibited are remarkable masks with large protruding eyes, used in harvest ceremonies, baby cradles adorned with colored beads, the dragon-dog with horns and fangs often used to decorate coffins or canoes, and the sape, a four-stringed lute, played at dances or a witch doctor's ceremony.

In the museum's heirloom collection are ceramics, metal objects, glass beads and other ornaments brought to Borneo as early as the 11th century by traders. The natural history collection includes examples of endangered species: the shaggy red-haired orangutan, which used to be found all over Sarawak; rhinoceroses, widely hunted for

Continued on page 10

The Quiet, Rugged Charms Of a Remote Canary Island

by Joe Kirwin

SANTA CRUZ DE LA PALMA, Canary Islands — Back in the early 1970s, when tourism on Tenerife started to prosper, a feature attraction was a nightly fireworks display. But that incandescent light show wasn't made. It was compliments of the last active volcano in the Canary Islands, Teneguia, which was erupting on the island of La Palma, about 110 kilometers (70 miles) away.

But in late 1971 that fiery exhibit ceased and with it the westernmost island of the Canarian archipelago drifted back into isolation. True, on the clearest days, the island could be spotted on the horizon from lower elevations on Tenerife, the biggest and most populated island, but the closest most European tourists got to it were photographs. The sun-seeker invasion never made it to La Palma's shores.

Perhaps the main reason is that those shores aren't exactly overflowing with stretches of white sand. But what it lacks on the shoreline, La Palma makes up for in the heights. It is a monument of mountains — no other island has steeper peaks than the 2,300-meter (7,500-foot) skyscrapers that drop to the island's verdant, rocky shores. Tenerife might have the 3,000-meter Teide but the Andenes, including the 2,423-meter Roque de los Muchachos in the Caldera de Taburiente National Park, form a precipitous backbone of a spectacular mountain range.

The centerpiece is a curious horseshoe-shaped ridge around a huge crater where the park is located. These mountains have had a dominant influence on life in La Palma, affecting everything from the climate to the economy.

Because nothing but endless ocean is on its western flank, those mountains are the first stopping point for clouds in the jet stream crossing the Atlantic. Thus, La Palma has an abundance of lush landscape filled with the most diverse cover of vegetation to be found in the islands. Whether it be fruits, pines, palms, lauralsiva trees or the huge ferns in the rain forests in the north, it is a botanist's paradise.

It is also an astronomer's haven. Situated high above the rain clouds and with no bright lights to disturb viewing is an astronomical center.

When you first venture onto the island, high science is the last thing you would think is part of La Palma's life. And for that matter, tourism. Entering the gateway, Santa Cruz de la Palma, you feel as if you have just entered a sleepy town where most of the inhabitants are out in the numerous tobacco and banana fields that are the heart of the agricultural economy.

Walking among the simple, white, concrete buildings fitted with wooden balconies and framed windows, the place has an austere yet authentic look. Sipping coffee at a local café, you

Continued on page 11



La Palma offers mountainous terrain surrounded by superb views of the ocean, left; while a carnival erupts in the usually quiet streets of Santa Cruz, above.

LES CRITIQUES GASTRONOMIQUES



CE TYPE ME GONFLE

longes-au-Mont-d'Or can still be considered a pilgrimage.

Bocuse calls his food *cuisine de tradition* and that's just what it is. The man who has inspired a generation of cooks and almost single-handedly sparked the 1960s food revolution that has spread around the world has never been known for highly innovative cooking.

He learned his lessons from the master Fernand Point, who insisted that a grand restaurant should be like a *grande maison bourgeoise*, known for a tradition of simple food and good products. That is Bocuse's real idea of *nouvelle cuisine*, not the thought that a chef must invent a new dish every day.

And so his food remains unfussy and to the point. There is the fresh-flavored, well-seasoned terrine of wild hare and foie gras accompanied by a tossed green salad, the plump poulet de Bresse roasted in front of the giant fireplace, and the grilled lobsters from the *Viviers d'Audierne* near the Point du Raz in Brittany. In the winter, there is the regionally inspired gratin of cardons, the celery-like winter vegetable, as well as the rich, cream and potato gratin dauphinois. Not to mention the famed platter of cheeses from Renée Richard in Lyon, chocolates from Bocuse's son-in-law's family, Berna-

Paul Bocuse, 50 Quai de la Plage, 69660 Collonges-au-Mont-d'Or; tel: 78.22.01.40. Open daily. Credit cards: American Express, Diner's Club, Visa. Menus at 60 francs (children only), 520 and 570 francs. A la carte, 500 to 700 francs, including wine and service. ■

TRAVEL

THE FREQUENT TRAVELER

Pacts May Widen Air Choices

by Roger Collis

I HARDLY need a crystal ball to predict that news of cross-border alliances will dominate the airline world in 1989. Mega-carriers in Europe, Asia and the United States see multilateral agreements as a means of gaining access to each other's markets by building hub and spoke operations on each continent.

For large airlines the issue is growth; for small airlines it is survival. What's harder to predict is whether the traveler will benefit from a better choice of airport as well as airline, more point-to-point services, more convenient schedules and lower fares.

This year there has been a spate of cooperative airline deals, ranging from marketing partnerships (such as that of British Airways and United Airlines) to minority equity swaps (KLM has acquired 14.9 percent of Air UK; SAS acquired a 9.9 percent stake in Texas Air Corp. and 24.9 percent in British Midland).

WE can expect many more cooperative ventures and mergers in 1989. Japan Air Lines may acquire a 20 percent stake in Hawaiian Air; BA intends to bid for a stake in Lan Chile; Qantas has plans to start a hub in Frankfurt as part of a deal with Lufthansa; Singapore Airlines is expected to form an alliance of some kind with another carrier; insiders say that the French government has plans to merge Air France and Air Inter in a reshaping of the industry which could include UTA; Iberia is said to be seeking joint venture partners in Europe; there will be alliances between U.S. and Asian airlines.

What we're seeing too is the growth of regional airline blocs driven by the belief that Europe as one market after 1992 may negotiate multilateral rights for air transport replacing the present bilateral.

The first attempt by a European airline to take advantage of a putative single market is the holding company of Air Europe (ILG), which plans to set up six European airlines under a joint Airlines of Europe corporation in Amsterdam.

What's in it for the passenger will depend on the quality of choice for intra- and inter-regional travel. Airline cooperation works best (for airlines and passengers) when partners do not compete directly

with each other. Passengers benefit from single check-in service and smoother connections at shared terminals. Such is the case with the BA/United partnership; BA services from Britain to Chicago, Washington, San Diego and Seattle connect with United's services to 160 cities within the United States and to 10 countries bordering the western Pacific.

An important consequence of airline cross-border mergers and alliances will be the breaking down of the national identity of "flag carriers" and with it the protectionism which has for so long impeded free competition. The days are gone when a passenger was loyal to his flag carrier, planning his business trip around its timetable.

Neither SAS or British Midland will give details of their plan to cooperate in Europe. But the deal gives SAS a hub at Heathrow to compete directly with BA and benefit from a wider market to feed traffic into its main hub in Copenhagen.

The Glory of York Minster's Gothic Styles

by Craig R. Whitney

YORK, England—To ask how we should look at a great cathedral is a question that could arise only in the modern age. To all in the medieval age of faith, when the great buildings were raised, cathedrals were holy books written in stone and stained glass, symbolic visions of the world from the Creation to the end of time, when Christ would return to judge both the quick and the dead.

In no two cathedrals is the story told exactly the same way, which allows us to learn something of how men and women 600 or 800 hundred years ago saw the world, and interpreted the Word. Since they were built over centuries, by many different artists and architects, cathedrals have all the quirks and crotchety failings of human beings, and something of the national character of the countries from which they sprang.

The style we call Gothic was a French invention, springing up in the middle to late 12th century in the Ile-de-France, where over the next 150 years architects and builders pushed their soaring pointed arches and stone vaults ever higher on walls that soon became mere ribs between windows, as flying buttresses shouldered the weight instead.

England's kings of the age, who were also French, brought over the prevailing monastic style after the Battle of Hastings in 1066 (so the English call it Norman instead of Romanesque). Later, as the new Gothic style caught on in France, they imported that, too, bringing architects, glaziers and stonecutters across the English Channel; the first architect of Canterbury Cathedral, the Frenchman William of Sens, even had stone for the choir brought over from Caen.



York Minster dominates the English town.

century, they began stretching out the arches, widening them out and bowing them in a style not found anywhere else in Europe, called Perpendicular.

EVERY one of the English cathedrals has something special to attract the visitor's interest. In Canterbury, the spot where Thomas à Becket was murdered in 1170; in Wells, the great scissor buttresses in the nave, holding up the piers to the central tower. In Westminster Abbey, (not a cathedral, technically), most visitors come not for theology or the architecture, but to see the many tombs and monuments that actually conceal its stylistic glory.

A rewarding visit to a cathedral can concentrate more on its architectural details, its sculptural riches and the story it tells. A little advance reading, a good guidebook, a pair of binoculars, and a Bible, will help.

York, actually the Metropolitan Cathedral Church of St. Peter at York, second in importance in the Church of England only to Canterbury, could hardly look more English. Its great towers, pinnacles and buttresses rise majestically over the half-timbered houses and winding streets of the walled city, founded in Roman times on the site of a British settlement.

Like the city itself, York Minster was built in stages, over an earlier Norman cathedral and an even earlier wooden Saxon church, from

1220 to 1472, in a glorious mixture of all the English Gothic styles.

Start outside the west door, standing back a bit. The western towers and the windows, with their stone ribs tracing out a heart-shaped figure, were built last, with the details in the Perpendicular style.

Walk around the Deangate, to the south transept, and you see the unadorned arches and lower windows, all in the Early English style. The eastern end, the choir, is Perpendicular, and, on the other side, the free-standing octagonal chapter house with its pointed roof is in the Decorated style, built from 1260 to 1290, and extending from the Early English north transept.

Inside, the first thing a visitor might want to see is the restored wooden vault of the south transept, destroyed by fire after lightning struck in 1984.

IF you wonder what kind of people they were who made these great buildings, you need only ask for Peter Gibson, the superintendent of the glaziers' trust, who has been working on conservation of the windows since 1945.

"Every working day of my life I come out of my home, where I have lived all my life with my mother and father who have now passed away, and the first thing that greets me are those great majestic western towers of York Minster," he said. "I don't think any who come

the "secular" part of the building by a thick, heavy stone screen. This allowed the clergy to sing the liturgical offices in the choir (in the cathedrals, for instance Winchester, a separate stone screen, the reredos, separates the high altar from the chapels at the eastern end).

Standing on the screen, facing the nave, is a row of 15th-century statues of the kings of England from William the Conqueror to Henry VI of the House of Lancaster.

The windows are much more than prisons to dampen the stone columns with splashes of red, blue and orange light as they do now on sunny days. They were not only intended to dazzle but to inspire and instruct, with a mixture of secular and sacred aims in mind.

"They are, in fact, storybooks," Gibson said. "Some people say a poor man's Bible, but I must say, you've got to have pretty good eyesight for some of them."

IN the sanctum sanctorum of York, the Lady Chapel at the east end, the contemplative visitor was invited to study the Creation, to the end of time.

The east window is as big as a tennis court: 76 feet high, 32 feet wide (23 by 9.7 meters) with 161 separate panels in the stone tracery at the top and 117 square panels below, all painted on colored glass by an artist named John Thornton, from Coventry, from 1405 to 1408.

The Old Testament story of the Creation is at the top, over what medieval Christians believed to be its New Testament fulfillment: the Revelation of St. John the Divine, in the bottom panels.

"I only wish we could go up to the gallery extending across the window, three quarters of the way up, to look at the detail on those uppermost panels," Gibson said. "Can you see the Creation taking place? It starts in the left-hand panel at the top, and then the story works through to the fifth panel in the very center, the birds and the fishes. On the extreme right-hand side on the first row you can maybe just make out the figures of Adam and Eve in the Garden of Eden."

"Underneath the gallery, the rest of the window down to the bottom row tells the story of the Resurrection. And it begins with St. John in a cauldron of boiling oil. I like to think that people coming here sit in the Lady Chapel and trace verse by verse the unfolding story—it could take an entire afternoon."

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Borneo Museums

Continued from page 9

their horns; the large green turtle and hawksbill, threatened by trading.

An exhibit on the oil and gas industry illustrates with photographs, models and a video tape how Shell Oil found oil in Borneo nearly a century ago. There is a major exhibition on the discoveries from the Niah caves, about 300 miles north of Kuching and now considered the most important archaeological site in Southeast Asia.

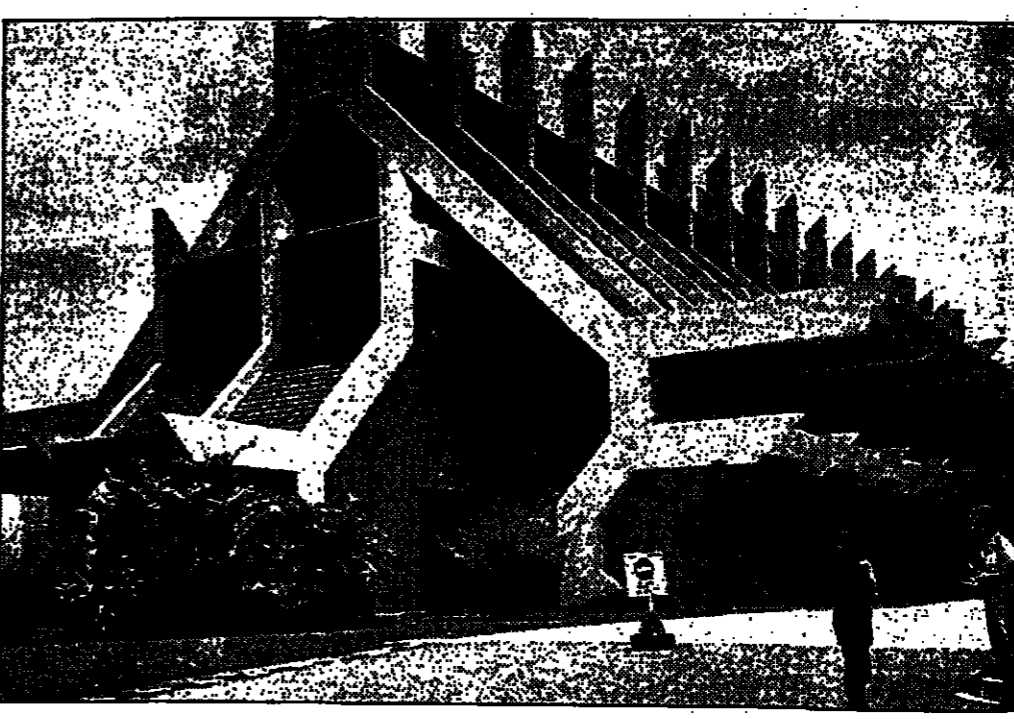
Sarawak Museum, Jalan Tun Haji Openg, Kuching, Sarawak, Malaysia; tel. 082-24231. Closed Friday. Free admission.

SABAH MUSEUM: The Sabah Museum was born in Sandakan, a trading post on the Sulu Sea in 1866, the same year as the Sarawak Museum, but has had a more turbulent history, finally vanishing altogether in World War II. Sabah suffered widespread devastation in the war, with Sandakan and other towns destroyed. Unable to finance the extensive redevelopment required, the Chartered Company relinquished its rights to the British government and Sabah became a British colony in 1946. Only after Sabah joined Malaysia was there a movement to establish a permanent museum in the state. In 1965, a museum was formally opened on the third floor of a shop in Kota Kinabalu, the state's new capital. After several delays, the new Sabah Museum was opened in April 1984.

The \$30.5 million complex on Old Palace Hill a mile and a half from Kota Kinabalu center, is the most splendid museum in the area. The main building represents a longhouse, while the roof beams symbolize the Samazau or courtship dance and rows of Moslems at prayer. The Science Center represents a cone-shaped red dish cover; the Art Gallery/Theater is shaped like a hat, and the Conservation Center represents a bevel nut box.

Some critics would have preferred that more money were spent on documentation or training staff. There is an ultra-modern multimedia theater and what is said to be the world's largest exhibition on the oil industry. Galleries on the three upper levels of the main building hold collections of ethnography, ceramics, history, archaeology and natural history.

Another display shows how headhunters used to string up their trophies. "It was a sign of manliness; if a young man didn't have a head to show, he couldn't get married," said Judith John Baptist, the museum ethnographer. The Morut group was head hunting until 1915. In the past decade, teams from the museum have carried out stud-



The Sabah Museum building, opened in 1984, represents a longhouse.



Lama, Jalan Muzium, 88000 Kota Kinabalu, Sabah, Malaysia; tel. 53199 or 225033. Free admission.

BRUNEI MUSEUM: Borneo's youngest museum is in Brunei, which dominated the region in the 16th century. This sultanate, scarcely larger than Delaware, with a population of 227,000, is one of the wealthiest countries in the world, thanks to oil discovered in 1929 and natural gas in 1963.

In 1950, at the invitation of Sultan Ahmad Tajuddin, uncle of Brunei's present ruler, Tom Harrison of the Sarawak Museum studied the feasibility of a museum and concluded that "the status, history and culture of Brunei" justified building one at Kota Batu, once a trading center four miles from the present capital of Bandar Seri Begawan. Queen Elizabeth II opened it on Feb. 29, 1972.

The Brunei Museum is a long three-story building on a wooded hill, overlooking the Brunei River. The 120-acre site includes the archaeological area. Excavations and surface work at Kota Batu have yielded 110,000 stoneware and porcelain shards, dating as far back as the Tang period (A.D. 618 to 907), as well as some 10,000 earthenware shards.

The pride of the museum is the brassware collection, displayed in the Borneo Room. There are huge brass containers with molded designs, gongs and everyday utensils. The museum's 500 brass cannons are one of the finest such collections in the world. In another gallery, traditional snares and traps used for hunting

and fishing are shown with elaborate dioramas.

Just down the hill, a large building stands on the riverbank, clearly intended to symbolize a longhouse but resembling a cement factory. The Brunei Museum of Malay Technology, which opened last February, is a \$7 million gift from the Royal Dutch-Shell group to mark the restoration of Brunei's independence.

Brunei Museum, Kota Batu, Bandar Seri Begawan 2018, Brunei Darussalam; tel. 02-23727 or 02-44545. Free admission.

CHURCHILL MUSEUM: More accessible is the Churchill Memorial Museum in the center of the capital. Designed in the form of a crescent, the Churchill Museum is a tribute to Sir Winston. It was commissioned by the former sultan of Brunei and was opened by his son, the present ruler, Sultan Hassanal Bolkiah Muizaddin Waddaulah in 1971.

The museum contains a collection of Churchill's memorabilia, manuscripts, photographs and models, illustrating the different phases of his life as a boy, correspondent, writer, soldier, orator and statesman.

As if to balance this link to the colonial past, part of the Churchill Memorial Building is devoted to Brunei's Constitutional History Gallery.

Churchill Memorial Museum, Jalan Sultan, Bandar Seri Begawan 2085, Brunei Darussalam; tel. 02-23534. Open Wednesday to Monday. Free.

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Large vertical advertisement on the right edge of the page, partially obscured and containing various text fragments.

TRAVEL

Aquavit: Denmark's Eau de Vie

by Rita D. Jacobs

WHEN Horatio asks Hamlet if drinking is customary in Denmark, Hamlet replies: "This heavy-headed revel east and west..."



A selection of aquavits accompanying a typical buffet.

The way to taste aquavit is at a typical Danish lunch. The table is set with smoked, pickled and marinated herring, sliced hard-boiled eggs, tomatoes, cheese, a pâté or two, freshly baked bread and two glasses for each diner...

Glasses of ice-cold aquavit are poured for everyone. Aquavit is most often drunk chilled, though there are those who hold that if you like the taste, you drink it at room temperature...

No matter when they drink aquavit, Danes say skål. The toast has its origins with the Vikings, who reputedly missed no opportunity to enjoy an aquavit or schnapps (snaps in Danish)...

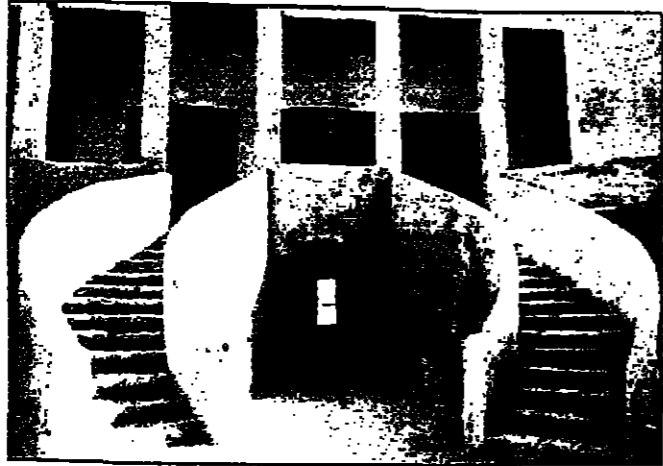
ALWAYS armed, these warriors would take few chances relying on the goodwill of others, even during a party. Letting your guard down increased the risk of losing your head...

cent, or 90 proof. Distilled from potatoes and grain, much like vodka, aquavit's distinctive taste comes from the added flavorings...

The predominant taste in Red Taffel is caraway seed. In the 12 other Aalborg varieties, different tastes predominate: Jubilæums Akvavit is flavored with coriander and dill...

The Danes are not the only Scandinavians who appreciate and produce aquavit. In Sweden, aquavit is a favorite during the crayfish season in late August when, says Anders Green, who sells restaurant equipment in Sweden...

Norway's most famous aquavit, Linie, often said to be the finest, is smoother to the



The House of Slaves on Gorée Island.

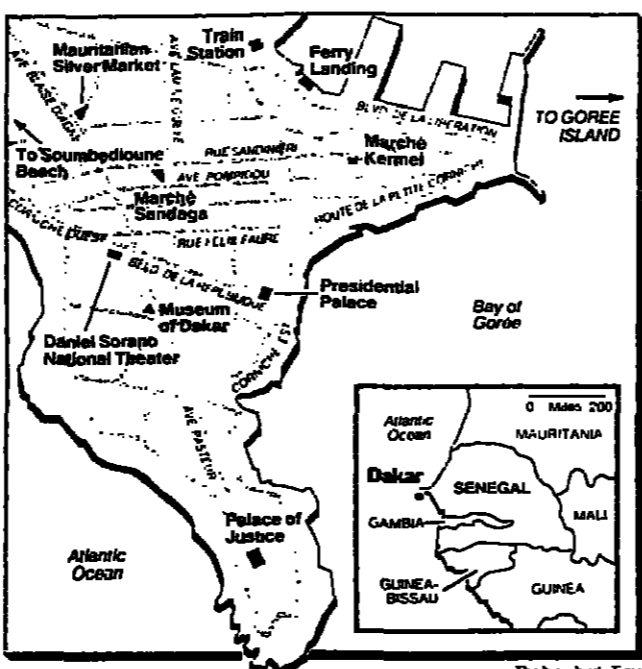
Dakar: Africa With Urbane European Style

by Susan Katz Miller

SET on a peninsula that curls out into the Atlantic Ocean, Dakar, Senegal's capital, is the westernmost city on the African continent. Here, one can witness a rich amalgam of African, French and Islamic culture without abandoning the comforts of home...

The number of French people in Dakar has increased since the country gained its independence from France in 1961. There are still kiosks on just about every other corner selling French bread, freshly baked several times a day...

On Friday, the Moslem Sabbath, even the businessmen who wear three-piece suits the rest of the week don the gold-embroidered damask robes known as boubous. More than 85 percent of Senegalese are Moslem, and when the muezzin calls from the minaret on Friday afternoon, the faithful roll out their prayer mats, kneel in the streets and face Mecca.



The New York Times



Baskets for sale at the Marché Kermel.

Kermel; open mornings only) is more quaint, with a profusion of fruit, flowers and baskets. The Mauritanian Silver Market (67 Avenue Blaise Diagne) is a hidden courtyard where Mauritanians create and sell intricate silver and ebony jewelry...

FOR authentic masks and sculpture, musical instruments and trading beads, try the galleries along Rue Mohammed V between Avenue Pompidou and Rue Carnot. The Galerie Antenna (9 Rue Félix-Faure) offers an extensive array of jewelry and art at fixed prices that are high but guarantee authenticity...

West Africa's most celebrated pop stars appear in the nightclubs of Dakar but the music doesn't get going until after midnight. The cover price usually includes a drink.

Susan Katz Miller, a writer who lives in Dakar, wrote this for The New York Times.

THE variety of architectural styles gives a sense of the city's history. Moroccan craftsmen built the Great Mosque and adorned it with green tile mosaics in the Moorish style. The seat of the presidential guard emphasizes the gleaming whiteness of the presidential palace, a relic of the colonial era...

La Palma Continued from page 9

could almost feel the crush of tourism on Tenerife and Gran Canaria, our previous stopping points, recede with the falling tide. For the next week this port city of 18,000, led by a Communist mayor who is more concerned with land and building preservation than he is with nationalization, would reveal another face...

There are few maps as deceiving as a La Palma road map. It might be only 50 kilometers long and 30 kilometers wide, but when you add switchbacks over mountains and the in-and-out zigzagging curves around shoreline meadows, you need days instead of hours to circle the island.

The sun is more prevalent in the south, so that and the extinct volcano of Teneguia were our first destination. Some 20 kilometers from Santa Cruz, the road reaches the southern terminus and rounds into Fuencaliente. Today Teneguia is a scorched, eerie pit, as if it were a ghost town with nothing left of it.

Continuing on the road out of Fuencaliente, you drive into the agricultural heartland of La Palma. First stop is El Paso, which sits on a plateau and looks like a cowboy town in a Spanish western. Besides livestock, tobacco and banana farms, and almond trees, there is the only factory in the Canary Islands that produces and processes silk.

IF El Paso seems western, then Los Llanos de Aridane, the second largest city on La Palma, has a colonial flavor mixed with a bit of Mediterranean. White-stuccoed villas with palm-filled courtyards mark the center of town. The opulence is a result of the Canaries' crop comes from La Palma.

In recent years, the tourists, most of them Germans, end up at Puerto Naos. It's the only accessible beach and developers have targeted it for a resort. Two hotels have already been built.

above sea level, a fitting welcome to the north end of La Palma, a rugged and less populated landscape than the southern half. The focal point of the north is the Caldera de Taburiente National Park. There are two ways to enter the park, or caldera. Both entrances are gateways to various hiking trails...

Hiking to the park's interior, your mind can't stray too far, as the trail demands attention. The path is a ledge that drops hundreds of meters to the floor. Its attractions include some of the strangest and most colorful of the 700 species of plants on the island.

What lies at the end of the trail is a camping ground, which requires a special permit to use, obtained at a forest station in Santa Cruz. From the camping ground there are numerous other hiking trails, including a walk to the La Fondada, a colorful waterfall.

The entrance from Los Llanos de Aridane is much more rugged and should only be attempted in a jeep. A shorter hiking trail leading to the same camping ground — the only one in the park — is a three- to four-hour walk.

IF you are looking for serious, strenuous, mountain-climbing try the trail that starts near the town of La Esquina and ascends and circles along the peaks of the caldera and ends outside El Paso. It takes three days and there are several huts along the way.

We returned to Santa Cruz each night from two days of hikes. The sleepy village we left in the morning had erupted with parades and displays. It wasn't quite as tumultuous as the carnival in Santa Cruz on Tenerife, and it was possible to sleep.

By this point, we had seen so many spectacular sights, we thought the rest of the trip — the north coast — would be anticlimactic. However, we discovered just the opposite. What awaits along the road that ascends to the Roque de los Muchachos, the astronomy center, the west coast and the north coastal road that returns via Garafia, Barlovento and San Andrés y Saucos, makes the southern drive seem pedestrian.

Approximately 38 kilometers from Santa Cruz is the highest point of the Muchachos, where you have the best view into the caldera, accessible by a newly paved road.

Tough clients?

Advertisement for Hyatt Hotels & Resorts. Text includes: 'Hyatt pieces you back together. Business meetings take their toll. Hyatt helps our Gold Passport programme, which you relax and recover at over 20 hotels in THE HYATT TOUCH...'

hic Styles

the "secular" part of the building by a thick, heavy stone screen... This allowed the clergy to sing the liturgical offices...

IN the sanctum sanctorum of the east end, the community visitor was invited to study the action, to the end of time.

The east window is as large as tennis court: 76 feet high, 14 wide (23 by 9.7 meters) and separate panels in the upper part at the top and 117 square feet below, all painted on canvas by an artist named John...

"I only wish we could go to the gallery extending across the window, three quarters of the way, to look at the detail on the uppermost panels." Gibson said.

Underneath the gallery, the window down to the row tells the story of the location. And it begins with a candid portrait of the artist in the Lady Chapel and more by verse the unfolding narrative could take an entire sermon.

from page 9

presents a longhouse.

and fishing are shown with date diagrams. Just down the hill, a large standing on the riverbank intended to symbolize a common but resembling a common...

NYSE Most Actives table with columns for Vol., High, Low, Last, and Chg. Lists top trading stocks like S&P 500, Dow Jones, and various individual stocks.

Market Sales table showing NYSE 4 p.m. volume, Amex 4 p.m. volume, and OTC 4 p.m. volume with corresponding price changes.

NYSE Index table showing High, Low, Close, and Chg. for the NYSE Composite Index and other market indices.

Thursdays NYSE Closing logo with the text 'Via The Associated Press'.

AMEX Diary table listing various market activities and their corresponding price changes.

NASDAQ Index table showing Class, Chg., Prev., and other metrics for the NASDAQ market.

AMEX Most Actives table listing the most active stocks on the AMEX exchange.

Dow Jones Bond Averages table showing yields and prices for various bond categories like Treasury, Corporate, and Municipal.

NYSE Diary table providing a detailed log of market events and price movements throughout the day.

Odd-Lot Trading In N.Y. table showing buy and sell orders for odd-lot transactions.

Dow Jones Averages table showing the performance of the Dow Jones Industrial, Transportation, and Utility averages.

Standard & Poor's Index table showing the S&P 500 index and its components.

NASDAQ Diary table listing specific trades and price changes on the NASDAQ exchange.

AMEX Stock Index table showing the performance of the AMEX stock index.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Higher in Light Trading

United Press International. NEW YORK — Prices closed sharply higher Thursday in light trading on the New York Stock Exchange as year-end institutional buying drove the Dow Jones industrial average to just below its high point since the October 1987 collapse. The Dow average, which rose 3.75 points Wednesday, jumped 16.25 to close at 2,182.68, just under its post-crash closing high of 2,183.50, set Oct. 21 of this year. Advances led declines by a 2-1 ratio. Big Board volume totaled 131.29 million shares, up from 110.63 million traded Wednesday. Broader market indexes also advanced. The New York Stock Exchange index rose 1.09 to close at 156.90. Standard & Poor's 500-stock index rose 2.32 to 279.40. The price of an average share gained 22 cents. Analysts attributed the rise largely to program trading by institutions, as money managers made year-end adjustments to their portfolios. "This time of year some money goes into the market to clean up the sheets," said Tom Gallagher, managing director in charge of capital commitment at Oppenheimer & Co. "People are looking to have their portfolios show good prices at the end of the year." To do this, he said, buyers were shopping mostly for high-quality stocks — those that outperform other issues on a yearly basis. There were buyers for some relatively inexpensive stocks as well, he said.

Gail Dudack, a market analyst with S.G. Warburg & Co., predicted the Dow would surpass its post-crash closing high within the next few sessions. "We have spent a couple of weeks just below that level, and the market has backed off many times," she said. "But I think it's about ready to do it." Navistar International was the most active issue, up 1/4 to 5 1/4. Quantum Chemical followed, up 1/4 to 107 1/4, after surging 18 points Wednesday on news that the company plans to pay a special \$50-a-share dividend. PepsiCo was third, up 1/4 to 39 1/4. AT&T rose 1/4 to 29 1/4. IBM rose 1/4 to 123 1/4. Among other blue chips, USX rose 1/4 to 29 1/4, American Express rose 1/4 to 27 1/4, General Motors ended unchanged at 84 1/4 and General Electric rose 1/4 to 43 1/4. Prices closed higher in moderate trading on the American Stock Exchange. The American Stock Exchange index rose 1.55 to 303.69. The price of an average share added 6 cents. Advances led declines by a 4-3 ratio as volume rose to 12.66 million shares from 9.73 million on Wednesday. Telephore International led the Amex issues, off 1 1/4 to 1 1/4 on news that the company would take a substantial loss for the fourth quarter. The National Association of Securities Dealers composite index rose 2.29 to close at 379.05.

Large table of stock prices (A) listing various companies and their current market prices.

Large table of stock prices (B) listing various companies and their current market prices.

Large table of stock prices (C) listing various companies and their current market prices.

Large table of stock prices (D) listing various companies and their current market prices.

Large table of stock prices (E) listing various companies and their current market prices.

Large table of stock prices (F) listing various companies and their current market prices.

Large table of stock prices (G) listing various companies and their current market prices.

PRO MONITORS FROM PHILIPS advertisement featuring an image of a monitor and the text 'The clear advantage PHILIPS'.

Large vertical advertisement on the right edge of the page, partially cut off, with text including 'WALL STREET' and 'Investors'.

Triumphs in TV technology
SAMSUNG Electronics
FRIDAY, DECEMBER 30, 1988

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SAMSUNG Electronics
Page 13

WALL STREET WATCH

Some Investors Treasure What Others Call Junk

By LAWRENCE J. DEMARIA
New York Times Service

NEW YORK — Lured by yields of 14 percent to 16 percent, many investors are buying junk bonds—the speculative debt used, for example, to help finance some huge leveraged buyouts. Investors can buy junk bonds directly from brokers or through pooled investments, such as investment trusts, mutual funds and closed-end investment companies.

Closed-end companies offer shares of publicly traded stock. Such stocks are probably the easiest way for small investors to participate in the junk-bond market, with most shares selling in the \$5 to \$10 range.

Most of the closed-end, junk-bond funds are of recent vintage. Many were brought out by underwriters after October 1987. Jim Grant, publisher of Grant's Interest Rate Observer, said he would leave it to future historians to explain why so many junk-bond funds "waited to get started until the greatest stock market crash of the 20th century."

The substantial risk of investment in junk bonds, particularly in times of economic uncertainty, often is disregarded by small investors. But it is not hard to see the attractions: The bonds offer a dividend yield four to eight percentage points higher than the average utility stock. Junk-bond investment companies also typically pay monthly dividends and may have year-end capital gains distributions.

The investment-company portfolios are constantly changing, and the managers may issue preferred stock or borrow heavily to augment the initial stakes generated by the original public offerings of stock.

"The rating on the fund's debt or preferred stock is higher than the junk bonds they invest in," said Thomas J. Herzfeld, whose Miami-based investment firm tracks closed-end funds. "Therefore, the cost to leverage the fund is lower than the yield being received on the junk bonds they invest in."

By borrowing money at 10 percent and buying junk bonds at 14 percent, the managers can bolster the yields. They are, in effect, leveraging their leverage. Some funds also borrow on a short-term basis, at adjustable rates.

MR. HERZFELD said a severe economic downturn could crush a highly leveraged junk-bond fund. He offered this scenario: A fund has a \$150 million junk-bond portfolio, purchased with \$100 million from the original stock offering and \$50 million in borrowed money. A recession or depression bankrupts half the investments. The portfolio is now worth \$75 million. But shareholder equity is really only \$25 million. The net asset value of each share would decline by 75 percent, even though the market value fell by only 50 percent.

Mr. Herzfeld was not suggesting that this would happen, although he said he expected stock prices of junk-bond funds to sink further, especially if yields on more respectable securities rise. "Our basic strategy is to sell them short, and it has worked out very well for us," he said. "If there is a catastrophe, we're going to make a lot of money. If there isn't, we'll make a nice profit."

Some market experts said predictions of mass defaults are themselves faulty. In a recent report, First Boston Corp., for example, argued, "U.S. companies are less leveraged today than were their major foreign counterparts during the last two recessions, and the high leverage in those countries did not end in disaster."

Mr. Herzfeld noted that junk-bond funds had done surprisingly well so far. The average junk-bond fund came to market at \$10

See JUNK, Page 17

Challenge In Thrift Bailout

Bush Said to Seek Alternative to Tax

Compiled by Our Staff From Dispatches

WASHINGTON — M. Danny Wall, the chief regulator of the U.S. savings and industry, said Thursday that President-elect George Bush would face a challenge in bailing out ailing thrifts without breaking his promise not to raise taxes.

But Mr. Wall, chairman of the Federal Home Loan Bank Board, said on television that advisers to Mr. Bush were looking for alternatives to a tax increase. He indicated that Mr. Bush would present a bailout plan early next year.

"There clearly will be a challenge in terms of the fiscal aspects of it," Mr. Wall replied when asked whether it would be difficult for Mr. Bush to keep his pledge of no tax increases. "I believe and I perceive that the focus is on what alternatives are there, if any," he said.

Mr. Wall said Mr. Bush "will put something on the table" soon after his inauguration, Jan. 20.

The Treasury and others have estimated a thrift cleanup would cost \$50 billion to \$100 billion.

On Wednesday, the bank board announced two huge transactions to salvage the largest insolvent savings institution and five Texas thrifts. The deals will cost the government almost \$7 billion.

In one of the costliest deals to date, the board said it would inject \$5.1 billion in federal aid into five bankrupt Texas thrifts with combined assets of \$12.2 billion, in return for a \$315 million investment by a group led by Ronald O. Perelman, the chairman of Revlon Inc.

Also Wednesday, after months of talks, the board closed a deal to sell American Savings & Loan Association of Stockton, California, with \$30.1 billion in assets, to a group led by Robert M. Bass, the Texas financier. The group is to put up \$500 million over three years in return for \$1.7 billion in government aid.

American Savings is costing the government 5.7 cents per \$1 of assets, while the Texas deal is 41.8 cents. Mr. Wall said the difference reflected more diversification at American and a weaker depositor base in Texas. (Reuters, NYT)

The Group Behind the Rescue of Texas Thrifts

For Perelman, Another Major Takeover Stride

By Paul Richter
Los Angeles Times Service

NEW YORK — Ronald O. Perelman made his first \$1 billion proving that he loves taking over troubled companies, particularly in industries about which he would seem to know nothing.

In 1983, he bought and began to resurrect Technicolor Holdings Inc., the California-based film and video company that had lost its way. Two years later, he acquired and started rebuilding Revlon Group, the cosmetics business that was in dire need of a makeover.

Then on Wednesday, an investment group led by Mr. Perelman said it would put up \$315 million to buy five insolvent savings and loan institutions in Texas, with the help of a \$5.1 billion in government money.

"It all fits into a pattern," said Andrew Shore, an analyst with Shearson Lehman Hutton Inc. "Rarely does he go after a business that isn't in crisis. He seems to need a challenge."

Mr. Perelman has erected an empire worth nearly \$5 billion over the past decade. Built with his wit and liberal use of junk-bond financing, Mr. Perelman's holdings include not only the cosmetics giant but also a drug-testing company, a licorice maker and a cigar manufacturer.

His personal fortune is worth an estimated \$1 billion, according to Forbes magazine.

And as Wednesday's announcement suggested, Mr. Perelman wants to keep on building.

He first made his name as a corporate takeover artist in fights for Revlon, Gillette Co., the shaving-products company, and others.

Many observers believe that he is one of the most dangerous raiders on the scene.

But as he has acknowledged publicly, he wants to be known instead as a builder—as a corporate manager who improves and expands companies that come under his control. Some have already been persuaded by his success in turning around Revlon and Technicolor. In September, Mr. Perelman sold the company to Carlton Communications PLC.



Ronald O. Perelman has built a \$5 billion empire in 10 years.

"The jury is still out on his managerial abilities," Mr. Shore said. "But he has shown some results, and that's clearly what he wants to be known for."

Mr. Perelman may have inherited his taste for takeovers.

Until the age of 35, he worked at his father's small Philadelphia company, Belmont Industries. As an apprentice in the business, he bought or sold several companies, including a galvanizing business, a shoe manufacturer and a small, struggling bank.

Ten years ago he struck out on his own, making a \$2 million investment in a jewelry distributor.

One of his first major acquisitions was of Technicolor for \$125 million. He sold off its consumer photoprocessing business, including a chain of one-hour processing labs, but kept the commercial processing operations, which now are ranked No. 1 in the film and cassette industries. The company eventually was sold for \$780 million.

See INVESTOR, Page 15



Gerald J. Ford

Texan to Bring Long Experience In Aiding Banks

New York Times Service

DALLAS — Gerald J. Ford, a Texas banking entrepreneur who has managed to make money amid the state's financial woes, will become chairman and chief executive of the five Texas thrifts, which are to reopen as First Texas Bank, and will make a significant investment in the deal.

Mr. Ford has little experience in savings management, but he is versed in bank turnarounds.

While other Texas bankers were caught up in the heady expectations generated by the oil and real estate markets of the late 1970s and early 1980s, Mr. Ford was buying unprofitable institutions in West Texas.

About three-quarters of the 23 banks included in the Ford Bank Group of Dallas "had problems" at the time of their purchase, but all are now profitable, he said in an interview.

"It wasn't vision," said Mr. Ford, 44, referring to the conservative lending practices that spared his bank group from the fallout of the collapse in oil prices. "We just did what we knew how to do. We never force growth."

Eager to expand his holdings, which include the United New Mexico Financial Corp., Mr. Ford has put together several investment groups that have tried and failed to acquire large Texas banks with federal assistance.

See INVESTOR, Page 15

Statoil Chief May Resign

Oslo Policies Said To Rankle Board

Reuters

OSLO — The chairman of Statoil, Norway's state oil company, said Thursday that he may resign next spring, and the board reportedly has expressed unhappiness with government interference in the company.

Jan Erik Langangen told the Norwegian news agency NTB that both he and the vice chairman, Arnfinn Hofstad, were considering leaving the firm.

They have held their positions since Statoil's board and managing director were forced to resign in 1987 because of a scandal involving major cost overruns and allegations of mismanagement.

Sources at Statoil said Thursday that the board had written a letter to the oil minister, Arne Oeien, complaining about the government's attitude toward the company.

The sources said there was a general feeling among board members that the board had not allowed them to take proper responsibility for running the company, which is the largest in Norway and the backbone of its North Sea oil industry.

"There is a feeling that the government expects it to be run as efficiently as any other company," but the board was "not being given the room to do so," a source said.

The sources said the board sent the letter to Mr. Oeien on Dec. 22 but no reply had been received.

No other members of the board were considering resignation, Mr. Langangen said.

He also is managing director of Storebrand A/S, Norway's biggest insurer, while Mr. Hofstad heads Norske Skog A/S, the country's main wood and pulp producer.

Statoil came under heavy criticism when it said in November 1987 that the construction of the Mongstad refinery in western Norway had run \$5 billion over budget. This led to a major political scandal and brought the resignation of the

See NORWAY, Page 17

Currency Rates

Cross Rates	Dec. 29
Amsterdam	27.45
Brussels	37.475
Frankfurt	1.955
London (3)	1.708
Milan	124.110
New York (C)	1.708
Paris	16.225
Tokyo	175.40
Zurich	15.128
1 ECU	1.443
1 SDR	1.240

Other Dollar Values

Currency	Per \$	Currency	Per \$
Australian	1.231	Swedish krona	1.273
Austrian schill.	13.56	Swiss franc	1.527
Belg. franc	36.33	Thai baht	25.285
British pound	1.756	Yen	166.076
Canadian dollar	1.325	West German mark	1.477

Forward Rates

Currency	30-day	60-day	90-day
Pound sterling	1.755	1.774	1.773
Japanese yen	125.15	124.70	124.25
Deutsche mark	1.710	1.756	1.771

Interest Rates

Eurocurrency Deposits

Term	Dollar	DM	Sterling	Yen	ECU	SDR
1 month	9 1/8 - 9 3/4	9 1/8 - 9 3/4	12 1/2 - 13	8 1/4 - 8 3/4	4 1/4 - 4 3/4	7 1/4 - 7 3/4
3 months	9 1/8 - 9 3/4	9 1/8 - 9 3/4	12 1/2 - 13	8 1/4 - 8 3/4	4 1/4 - 4 3/4	6 1/4 - 6 3/4
6 months	9 1/8 - 9 3/4	9 1/8 - 9 3/4	12 1/2 - 13	8 1/4 - 8 3/4	4 1/4 - 4 3/4	6 1/4 - 6 3/4
1 year	9 1/8 - 9 3/4	9 1/8 - 9 3/4	12 1/2 - 13	8 1/4 - 8 3/4	4 1/4 - 4 3/4	6 1/4 - 6 3/4

Key Money Rates

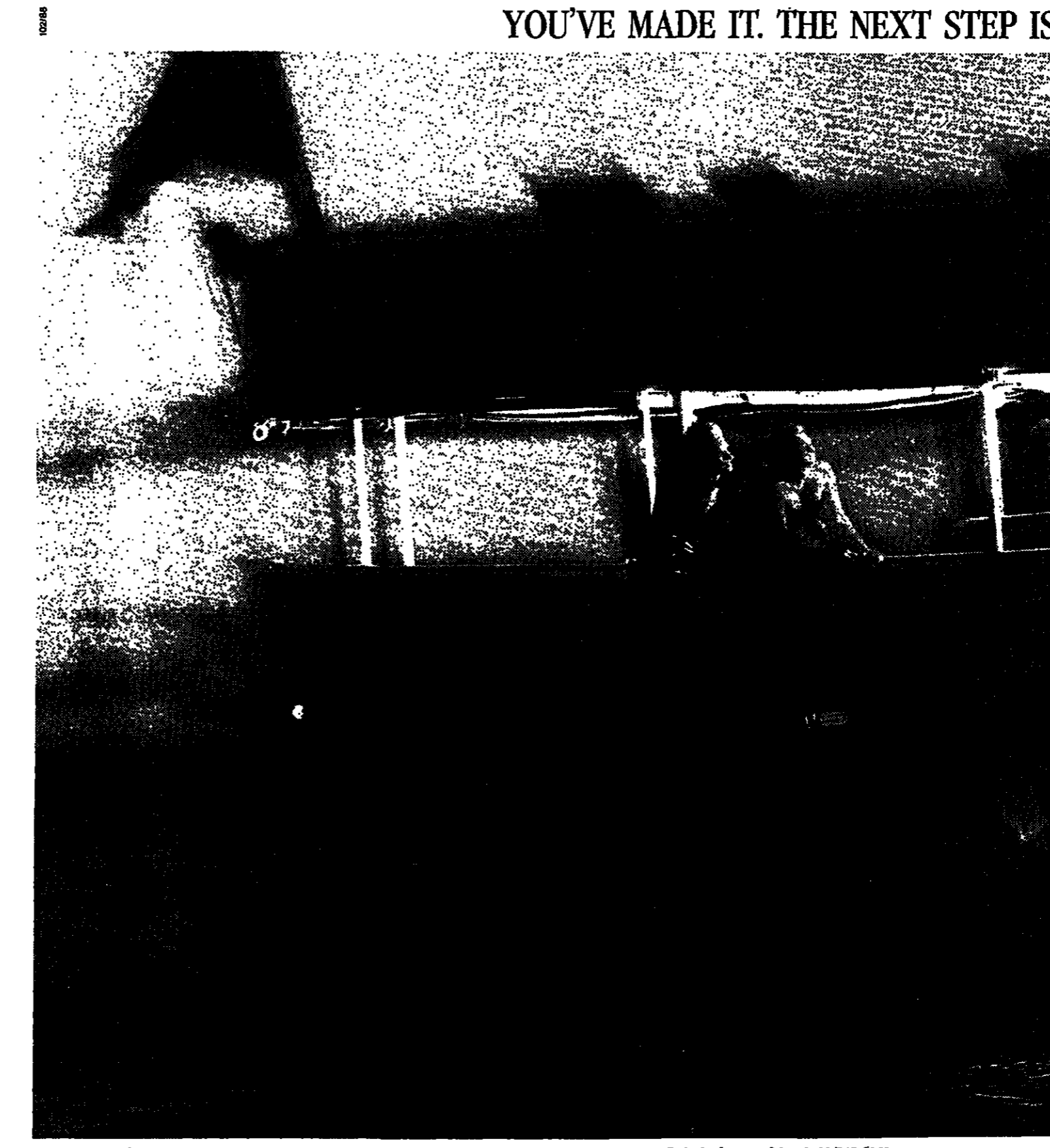
United States	Prev.
Discount rate	6 1/2
Federal funds	9 1/4
3-month Treasury bills	8 1/2
6-month Treasury bills	8 1/4
3-month CD's	8 1/4
3-month CP's	8 1/4

U.S. Money Market Funds

Fund	Yield
Merrill Lynch Ready Assets	8.25
Telerrata Investor Bond Index	8.75

Gold

Location	A.M.	P.M.	Close
Hong Kong	413.85	414.85	413.85
London (12.30)	413.25	413.25	413.25
Zurich	414.00	414.00	414.00
London (12.30)	413.10	413.10	413.10
New York	414.00	414.00	414.00



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Thursdays NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Stock Div. Yld. PE 52-Week High Low Close

(Continued)

Table with columns: 12 Month High Stock, Div. Yld. PE, 52-Week High Low Close. Lists various stocks and their performance metrics.

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U.S. Food Importers Angry About Tariffs On Products From EC

New York Times Service

NEW YORK — Specialty food shops and food importing companies have reacted with concern and anger to the prospect that they would be casualties in a trade war between the United States and the European Community.

The United States said on Tuesday that it would impose a 100 percent tariff on \$100 million-worth of selected food products from Europe in retaliation for the community's ban on meat from animals treated with growth hormones.

On Wednesday, the European Community countered by saying that it would impose 100 percent import duties on about \$100 million-worth of U.S. honey, canned corn, dried fruit and walnuts.

The tariffs are scheduled to take effect on Sunday.

The U.S. tariff increase would as much as double the wholesale cost of dozens of imported foods, including hams, instant coffees, low-alcohol wines, fruit juices, certain types of beef and pet food.

Because the list of foods affected by the tariffs was released only five days before the sanctions take effect, food importers were left with little time to build up their inventories.

"It's extremely unfortunate from our point of view," said Eugene Milosh, executive director of the American Association of Exporters and Importers, a leading trade group. "It puts people out of business."

"Our position is the hormone issue should be settled on its merits, and not spill over onto other products."

The European Community contends that the hormones given to livestock to stimulate their growth can harm people who eat the meat. The United States contends that such assertions have never been scientifically verified.

"They talk about tariffs, but we consider them an outright ban," said Engenio Pozzolini, who heads Dean & DeLuca Imports in New York, which is a wholesale supplier of high-priced imported foods and also has a retail store.

"It doubles our prices, and the consumer won't pay," he said. "It could severely affect some part of the business."

Mr. Pozzolini said that sun-dried tomatoes, for example, make up \$2 million of the company's \$3 million in annual sales. The market for the tomatoes, he said, would be essentially wiped out by the tariff increase.

U.S. Futures Via The Associated Press

Dec. 29

Table with columns: Season High, Season Low, Open, High, Low, Close. Lists various futures contracts.

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MUNICIPAL BONDS (CBT)

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Mystery Bidder Tops Murdoch Offer for Collins

Compiled by Our Staff From Dispatches
LONDON — Williams Collins PLC, the publishing group, said Thursday that an unidentified bidder had made an offer for it that is more than 30 percent above the current welcome bid from Rupert Murdoch, the media businessman.

A London-based analyst said it was likely that the bidder is Pearson PLC, the British publishing group.

Collins said it had been offered 880 pence (\$15.75) in cash for each ordinary share and 735 pence per A novoting share, also in cash with a loan note alternative. This values the company at about \$400 million.

News International PLC, the flagship company of Mr. Murdoch's interests that owns 41.7 percent of Collins's ordinary shares and about 10 percent of the A shares, has offered 640 pence for the ordinary and 535 pence for the A shares, also in cash.

Mr. Murdoch's bid values the publisher at \$293 million. Publishing analysts said the bidder could be any of a number of

major publishers, including, in addition to Pearson, Reed International PLC, Bertelsmann AG of West Germany and France's Hachette or Presse de la Cité.

The analyst predicting Pearson as the likely candidate noted that Harper & Row, the Collins-News International joint venture, "fits very well with Pearson's Addison-Wesley subsidiary, while Harper & Row's hardback division would fit nicely with Pearson's Penguin operations."

Collins said the potential bidder wanted to discuss the merits of the offer with News International, particularly in view of its joint ownership with Collins Harper & Row.

After talks with the rival bidder last week, Collins's independent directors intended to recommend the offer, it said.

Analyst Terry Connor of the brokerage James Capel & Co. said the 880 pence offer, if it materialized, was much more reasonable

and that is why it would be recommended by the board.

Mr. Connor noted, however, that News International's statement last week that it would not accept a competing offer and intends to keep its 41.7 percent stake in Collins could complicate matters.

The News International statement was made to Britain's Takeover Panel. It remains to be seen whether the panel would deem this pledge binding, Mr. Connor said.

(Reuters, IHT)

Prudential Buys Aetna Australian Interests

Foreign Investment Review Board. Prudential's managing director for Australia and New Zealand, Barrie Martin, said the combined group after the acquisition would represent the sixth largest life office in Australia in terms of assets under management and the fifth largest in current annual premium income.

He said Prudential already had more than 2.2 billion Australian dollars in assets under manage-

ment in Australia. Aetna has more than 450 million dollars of assets under management in Australia.

Prudential is the biggest life insurer in Britain and the third largest in Europe, with total assets under management of about \$60 billion.

On the London Stock Exchange, Prudential shares advanced 3.5 pence to close at 154.5 pence after the announcement.

(Reuters, AFP)

Brierley's Nibble at French Stores Suggests European Foray

PARIS — The acquisition by Sir Ronald Brierley, the New Zealand businessman, of stakes in three French department stores is his first step into Continental Europe and could be followed by further purchases, a Brierley representative said Thursday.

"We may buy more," said Stuart Mitchell, managing director of Sir Ronald's investment arm IEP Consultants U.K. "It depends on the price."

Industrial Equity Pacific Ltd., 69 percent controlled by Brierley Investments Ltd., bought stakes of 5 percent in Bazar de l'Hôtel de Ville, or BHV, and SA des Galeries Lafayette. The move came one month after Industrial Equity took 5 percent of the regional department-store group, Nouvelles Galeries.

Retail sector analysts in Paris estimated that the three stakes represented a total investment of about 265 million French francs (\$43 million). Mr. Mitchell said the stakes were bought on the stock market but declined to say whether any talks had been held with the present controlling shareholders.

He said Industrial Equity had identified the three groups as investment targets because of their strong asset backing. "This is the first phase of our Continental investment

strategy," he said. "We are looking for undervalued companies in any sector."

Industrial Equity had also acquired undisclosed stakes in Dutch and West German companies, Mr. Mitchell said.

He described Industrial Equity as a "traditionalist" investor that based investment decisions on solid assets rather than good will.

City department stores in France recently have performed poorly compared with the more dynamic hypermarket sector. "Stores like Galeries Lafayette and BHV have seen growth well below other retail sectors," said Annick Thévenon, retail analyst with the Paris brokerage Lavandeyra.

One senior dealer said the Brierley stakes, together with moves in the supermarket and food-distribution sectors, signaled that 1989 could be an active year for retailers.

The Brittany-based hypermarket group, Rallye SA, is involved in a takeover bid for the southwestern French food distribution chain Ruche Méridionale that values it at 974 million francs.

But a senior share dealer said that many operators were wary of buying heavily into stores because of concern that 1988 profits would fall below expectations. The sector was hit by a Paris public transport strike two months before Christmas.

In the first half of 1988, Galeries Lafayette posted group pretax profit of 10.22 million francs on sales of 6.93 billion francs. BHV reported group pretax profit of 25.2 million francs on sales of 1.62 billion.

Analysts confirmed Industrial Equity's estimate of the department stores' asset bases, since BHV and Galeries Lafayette, along with other rivals such as Au Printemps SA, all boast considerable property assets.

Analysts also noted that the groups' capital was relatively closely held. Galeries Lafayette, with equity capital of 1.17 million shares, is 62 percent owned by the six or seven descendants of the founding families.

Nouvelles Galeries, with capital of 4.7 million shares, is 32 percent owned by the founding Devantilly family and 21 percent by the Monoprix supermarket chain. And BHV, with 1.79 million shares, is 48.2 percent held by Nouvelles Galeries and 14 percent by the founding Boulot family.

Officials at the department stores were unavailable for comment.

Stocks of the store groups rose Thursday on the Bourse. Galeries Lafayette was last quoted 14 francs up at 1,263 while BHV was 5.90 firmer at 491 and Nouvelles Galeries was 5 up at 590.

INVESTOR: Perelman's Stride

(Continued from first finance page)
 spend what it takes," said the adviser, who declined to be identified. His fight for Gillette, which began in November 1986 and lasted through the following August. Mr. Perelman made a \$4.1 billion offer for the company, but was thwarted, said an adviser, when the management of Gillette threatened to put a 20-percent block of stock in the hands of a friendly third party.

Mr. Perelman sold his shares to the company for \$43 million. In his view, the sale of the block was forced by management's threat, which would have made a takeover highly unlikely and sent the stock into a downward spiral, according to the adviser.

The investment firm Drexel Burnham Lambert has played a considerable role in his success. Drexel's junk bonds — a speculative form of debt used to finance major purchases — helped pay for the acquisition of Revlon. They were used earlier in Mr. Perelman's leveraged buyout of the Pantry Pride supermarket chain, and of MacAndrews & Forbes, which is now a holding company for various Perelman enterprises.

Perhaps Mr. Perelman's proudest success has been the turnaround at Revlon. The company has gained back market share in many areas, launched new products and advertising campaigns, and strengthened itself with several important acquisitions. Among them are the Max Factor and Charies of the Ritz cosmetic operations.

The company's sales are expected to reach \$2.5 billion this year.

from \$1 billion in 1985. Executives at Revlon have predicted that the firm's operating profit would exceed \$225 million by 1990, from \$80 million in 1985.

Behind the Texas Deal
 Robert J. Cole of The New York Times reported from New York:

The day before Thanksgiving, Michael L. Tarnapol, an investment banker with Bear, Stearns & Co., called Howard Gittis, a vice chairman of Revlon and associate of Mr. Perelman. He said he knew of a deal involving several Texas interests and thought Mr. Perelman might be interested.

Mr. Gittis expressed immediate interest and turned loose 30 of Revlon's financial experts to study the deal. As the study group saw it, an approaching turnaround in Texas real estate plus the prospects for deposit-gathering represented "enormous earnings potential."

Working with Ward W. Woods Jr. of Lazard Frères & Co., Bear, Stearns united Mr. Perelman and an investor group headed by bankers with an established track record in turnaround situations: Robert K. Utley, president and chief executive of the Seaman's Corp., which owns Seaman's Bank for Savings of New York, and Gerald J. Ford, head of the Ford Bank Group of Dallas.

An executive close to Mr. Perelman also said that the Blackstone Group, headed by Peter G. Peterson, a former Commerce secretary, acted as adviser to the Federal Savings and Loan Insurance Corp. and "ran a very professional analysis."

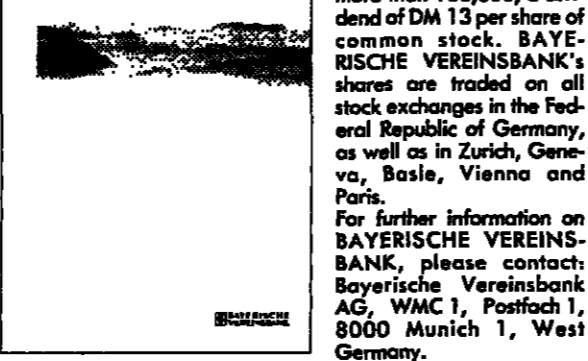
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Herald Tribune

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Group key figures (in FF million)

1987	1988 (P)
Sales	8,050 9,500
Net Income	590 750/800
Cash flow	1,184 1,350/1,500

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COMPANIE DU MIDI is the holding company of a diversified group, mainly operating in insurance with Axa-Midi Assurances, banking and financial services, property holdings, industry and trade.

- Total revenues: 44,500 (+) (FF 000,000)
- Shareholders' interests: 2,200 (+) (FF 000,000)
- (FF per adjusted share)
- Shareholder current income: 80,74
- Shareholder non current income: 28,90
- Midi group's chairman: M. Bernard PAGEZY.
- (*) Non audited, after shareholders' meeting of June 22nd, including minority shareholders and associated mutual insurance companies in "other interests".

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 - SOCIEDADE DE INVESTIMENTO -
 - D.L. No. 1401

(Incorporated under the Laws of Brazil)

Exchange of existing Bearer Depository Receipts and Provisional Share Certificates for new Bearer Depository Receipts.

At present, shares in THE BRAZIL FUND S.A. are lastly represented by Bearer Depository Receipts and Provisional Share Certificates, issued by European Overseas Issuing Corporation S.A. Consequent upon a change of depository to NMB Depository Company B.V., a subsidiary of NMB Bank, it has been decided to issue new Bearer Depository Receipts in exchange for the existing Bearer Depository Receipts and Provisional Share Certificates.

BDR holders should lodge their existing documents of title as from January 23, 1989 with NMB Depository Company B.V. in Amsterdam, the Netherlands, which documents, in denominations of 1,000 and 10,000 Depository Shares, will then be exchanged free of charge and proportionally for new Bearer Depository Receipts in the new denominations of 1, 10, 100, 1,000, 5,000 and 10,000 Depository Shares, representing 10 shares each in the Fund.

The existing documents of title will continue to be good delivery against bargains should the BDR holder for any reason not exchange them for new Bearer Depository Receipts.

The Terms and Conditions as well as the Deposit Agreement will be filed with the Depository and will be open for inspection by any BDR holder at the Depository's office in Amsterdam during normal business hours.

Amsterdam, December 30, 1988.

NMB Depository Company B.V.
 location code: HD 00.04
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Interim report January-August 1988
 Saab-Scania's sales and income increased during the year

SUMMARY OF INTERIM REPORT FOR JANUARY—AUGUST 1988

- Consolidated sales SEK 27,620 m. (25,832)
- Consolidated income SEK 1,964 m. (1,806)
- Pre-tax return on capital employed 23.4 per cent (23.2)
- Income per share, after 50 per cent taxes, SEK 27.10 (27.70)
- Sale of Saab-Scania Enertech

EXTRACT FROM THE COMMENT BY PRESIDENT GEORG KARNSUND

"The Scania Division is on its way to another record-breaking year. During the autumn, the Saab Car Division will begin sales of the Saab 900 CD sedan in several major markets, while the Saab Avanti Division is enjoying success in sales of the Saab 340 regional commuter aircraft. The divestment of Enertech is an industrially motivated decision, which also means that Saab-Scania is further concentrating its activities to the field of transport."

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Thursdays AMEX Closing Tables include the nationwide prices on the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

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ADVERTISEMENT INTERNATIONAL FUNDS December 29, 1988

Large table listing various international funds with columns for fund name, share price, and other details.

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Oil Deal N. Korea advertisement with text and graphics.

OTC Prices advertisement with text and graphics.

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Be sure that your fund is listed in this space daily. Telex Matthew GREENE at 613595F for further information.

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CURRENCY MARKETS

DOLLAR: Hints of Intervention by Bundesbank Cap Year-End Advance

(Continued from Page 1)

telephone interview that the Bundesbank was not considering heavy, unilateral intervention for the time being. But he warned that the current level of the dollar is not really helpful for supporting the adjustment process in world trade.

"The dollar is strong against all other currencies at the moment," he said. "Any single intervention would not be very effective under these conditions."

"The strength of the dollar is mainly a consequence of the increase in interest rates in the United States, and it's important that the U.S. is taking care of its own currency through a stringent monetary policy."

The federal funds rate remained high at 9.625 percent in New York on Thursday, while a sharp fall in short-term bill rates was ascribed to technical factors rather than changing views on interest rates.

Many market economists still expect the Federal Reserve to raise its

London Dollar Rates

Table with 2 columns: Currencies (Deutsche mark, Japanese yen, Swiss franc, French franc) and Rates (The, West).

the Group of Seven leading industrialized nations to reduce gross trade imbalances, particularly the persistently wide U.S. deficit and the large of Bonn and Tokyo.

While declining to say specifically whether the Bundesbank was uncomfortable with the current level of the dollar against the Deutsche mark, which hit a peak of 1.92 DM in August, Mr. Schlesinger's emphasis on the immediate German viewpoint appeared to indicate that the central bank was prepared to use its financial clout to contain an excessive appreciation of the dollar resulting from a tightening of U.S. policy.

Mr. Schlesinger said that the Bundesbank had not been intervening in the open market, but rather has been selling modest amounts of dollars which have been recycled into West Germany as revenue from the central bank's overseas holdings, among other sources. "There's been no real decline of our foreign reserves," he said.

Currency traders in Frankfurt

said Thursday that the Bundesbank had sold a modest \$13.1 million as the dollar was fixed lower at 1.7855 DM, after 1.7895 DM on Wednesday, when the central bank sold just over \$29 million.

Mr. Schlesinger played down speculation that the Bundesbank was perhaps most concerned that a further appreciation of the dollar against the mark would stoke West German inflation through an increase in import costs. "Imports denominated in dollars are only one part of our import bill," he retorted.

Many analysts and economists, however, believe that Bundesbank anti-inflation hawks, led by Mr. Schlesinger, are increasingly worried about the effect on inflation of a soft Deutsche mark and are seeking to sway central bank policy back to a tight course.

David Bowers, European economist with Barclays de Zoete Wedd, the London brokerage, said, "The last thing the Germans want is a weak Deutsche mark. There is growing concern that inflationary pressures are developing, despite the current low inflation rate of 1.6 percent."

He said there was a sense among Bundesbank hawks that they have compromised monetary policy a little too much over the past three years in their attempt to help the world trade adjustment process.

"Now, there's a growing feeling that it's time to restore credibility to the bank's reputation for monetary prudence," he said.

Mr. Bowers said that he expected the dollar to adhere to a broad range of 1.70 to 1.90 DM, at least until the next Group of Seven finance ministers' meeting, expected in February.

Against other major currencies, the dollar inched up to 1.5140 Swiss francs on Wednesday, but it lost ground to the British pound, which rose to \$1.7916 from \$1.7900. The dollar also slipped to 6.0965 French francs from 6.1145.

U.S. Treasury Studies Tax Rules to Curb LBOs

By Paul Blustein

WASHINGTON — The U.S. Treasury Department, eager to curb corporate leveraged buyouts, is considering changing tax regulations to limit the interest payments companies can deduct, according to Treasury officials.

Some officials think such a unilateral regulatory move may be preferable to sending tax legislation to Capitol Hill, where it might be difficult for the incoming Bush administration to prevent more sweeping actions against LBOs and corporate takeovers by the Democrat-controlled Congress.

Under the plan being examined, the Internal Revenue Service would issue rules declaring that if a company's level of borrowings exceeds its stockholders' equity by a certain amount, a portion of the company's debt would be deemed to be equity, and the interest on that debt ineligible for tax deduction.

Such a ruling would discourage LBOs, in which companies are purchased with mostly borrowed money, by limiting the tax advantages of piling up huge quantities of debt.

"There is no question that Treasury has the authority to issue those regulations," a Treasury official said. "This is an idea that has been developed, but it is an option that there isn't any decision on, and there are pros and cons to it."

Among the Treasury's concerns is the fact that the October 1987 stock market collapse was attributed partly to Wall Street's adverse reaction to congressional efforts to limit corporate takeovers and LBOs.

Treasury officials, and congressional leaders as well, are considering a number of measures aimed at slowing the spread of takeover-financing techniques.

Besides limits on the amount of interest that can be deducted, there are also proposals to allow companies that pay dividends to deduct a portion of those payments from their income, which would make it more attractive for some companies to raise money from equity investors than to borrow it from banks or bondholders.

Treasury officials are divided over whether — and how — to use the tax system to discourage LBOs.

Some officials say the issue offers a welcome opportunity for a national debate on how to make the tax code more favorable to equity investments. But others are fearful that submitting a tax bill to Congress could lead in directions the Bush administration would not like — in particular, a tax increase masquerading as an anti-LBO law.

That is why a change in IRS regulations appeals to some officials. By reducing the attractiveness of LBOs, the proposal would achieve a goal of Treasury Secretary Nicholas

F. Brady, who "just plain doesn't like LBOs," according to another department source.

Yet it would also allow the Treasury to act on its own, without opening the Pandora's box involved in legislation.

The LBO issue is one of several being studied by M. Peter McPherson, deputy Treasury Secretary, who has been asked by Mr. Brady to look at ways to make U.S. businesses less oriented toward short-term profits and more toward long-term gains.

The study also involves the rules concerning executive compensation and pension fund investments, to determine whether those rules might be changed to encourage long-range thinking by executives and pension fund managers.

Emil Sunley, director of tax analysis at the accounting firm Deloitte Haskins & Sells, said the proposal to change tax rules would encounter several objections. For example, he said, a limit on interest deductions for U.S. companies would give a boost to foreign buyers of American concerns.

"If a U.S. company buys another company, or decides to leverage up to buy its own stock, you would penalize them" under the plan, Mr. Sunley said. "But if a Japanese company borrows the money at home" to finance a takeover of a U.S. company, "the interest would be fully deductible."

Iran in Oil Deal With N. Korea

The Associated Press NICOSIA — Iran will export two million tons of crude oil a year to North Korea under an agreement signed in Tehran, according to a report by Tehran Radio monitored here Thursday.

The radio said the agreement was signed Wednesday by Foreign Minister Kim Yong Nam of North Korea and the Iranian oil minister, Gholamreza Azaradeh. Mr. Azaradeh also announced that Iran would soon send a team of experts to North Korea to help with oil exploration, the radio said.

NORWAY: Dissension at Statoil

(Continued from first finance page)

board and managing director, Arve Johnsen.

As a result, Mr. Langangen announced last spring that the company would undergo a major reorganization with the aim of increasing cost-effectiveness.

One source said the government's handling of a planned petrochemical venture had particularly upset the board.

Last year, Statoil announced plans to invest 1.38 billion kroner in a petrochemical complex in Antwerp, Belgium, with Himont USA Inc., which is 80 percent owned by Montedison SpA of Italy. Himont is the world's largest producer of polypropylene, the raw material for plastics production.

"The deal was postponed twice," the source said, "because Oeien asked the board to reconsider the economics involved."

"Both times," the source added, "the board said it was fine, but Oeien has said that it is so important that parliament must decide on it."

"That will delay it by another few months."

Earlier this month, the minority Labor government produced a report on Statoil's activities suggesting that private investors might be allowed to take a stake in the company's refining and marketing activities.

The report said Statoil's "economy has been considerably weakened over the last couple of years."

NatWest Raises Loan Rate

(Continued from first finance page)

LONDON — National Westminster Bank PLC said Thursday it raised its rate on home mortgages by one percentage point, to 13.75 percent, after recent rises in other interest rates.

A spokesman for the bank said the rise for existing mortgages would take effect Jan. 1, with the increase in new mortgages starting Jan. 3. He added that the move followed recent rises in interest rates in general and also higher rates for the bank's depositors since Dec. 9.

Separately, Woolwich Equitable Building Society, one of the largest in Britain, said it was raising its mortgage rate by 0.75 percentage point, to 13.50 percent, effective Jan. 1. Leading building societies have said they expected to raise their rates in the New Year.

Market sources said higher British mortgage rates had been anticipated since the banks raised their base lending rates by one percentage point, to 13 percent, in late November. NatWest is the first bank to announce an increase.

JUNK: Some Investors Treasure It

(Continued from first finance page)

A share and has fallen 8 percent in value in the past year or so. That performance is better than bond funds that invest in high-quality securities. The values of such funds have declined by about 10 percent in the last year.

Investors, he said, are sticking with junk-bond funds because they offer high yields. Moreover, defaults in the junk-bond area have been few.

Publicly traded junk-bond funds include Cigna High Income Shares, the High Yield Income Fund, the High Yield Plus Fund, the High Income Advantage Trust, the High Income Advantage Trust II, the New America High Income

Fund, the Zenith Income Fund, and the Kemper High Income Trust, which all trade on the New York Stock Exchange.

There also are two issues listed on the American Stock Exchange: CIM High Yield Securities and the USFG Pachtolder Fund.

Mr. Herzfeld and Mr. Grant both said many investors were reassured because fund sponsors and boards of directors often had respected names.

Nevertheless, Mr. Herzfeld cautioned: "These junk-bond funds are more speculative than people realize. People associate the names of the manager of the fund with the quality of the portfolio. But junk is junk."

Thursday's OTC Prices. NASDAQ prices as of 4 a.m. New York time. This list, compiled by the AP, consists of the 1,000 most traded over-the-counter values. It is updated twice a year. Via The Associated Press.

Table of OTC stock prices with columns for 12 Month High, Low, Stock, Div., Yld., PE, High, Low, 4 P.A. Ctr.

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Deutsche Mark, Japanese Yen, ECU, and other currency symbols at the bottom of the page.

BOOKS

THE PIANO TEACHER

By Elfriede Jelinek. Translated by Joachim Neugroschel. 280 pages. \$18.95. Weidenfeld & Nicolson, 10 East 53d Street, New York, N.Y. 10022.

Reviewed by Michiko Kakutani

ELFRIEDE JELINEK'S Vienna, the city that serves as a backdrop for her new novel, "The Piano Teacher," is a decadent, decaying place, a city whose dedication to art belies a deep moral corruption. It is a city where parents urge their children to study music and dance in hope that culture will rescue them from poverty and despair; a city where love, reason and compassion are all subordinated to the idea of art. "Only the things that have proven their worth will continue to do so in this city," Jelinek writes. "Its buttons are bursting from the fat white paunch of culture, which, like any drowned corpse that is not fished from the water, bloats up more and more."

One victim of the city's obsession with art is Erika Kohnt, a pianist, whose dreams of a concert career have given way to a humdrum job as a piano teacher at the stuffy Vienna Conservatory. Erika (sometimes referred to, Kafka style, as Erika K.) is now in her mid-30s, and under her mother's watchful eye she has devoted most of her life to perfecting her musical art.

Her own dreams of glory having faded, she not only passes on her bitterness and frustration to her students — "coercion, extortion, intimidation" are her favorite teaching tools — but she's also come to view the entire world with a sour, jaundiced eye.

From her Nietzschean perspective, the city of Vienna is ruled by a "cloddish mob," ignorant, sleeplike people devoid of taste and sensitivity and incapable of recognizing their talent. Erika confirms her dark view of humanity by spending her free time in the filthiest neighborhoods of Vienna: the scummy back streets of porno shops and peep shows where pimps and prostitutes ply their trade.

Since her father was packed off, years ago, to a mental institution, Erika has lived alone with her aged mother, a sharp-tongued harrier who monitors her every move. Frau Kohnt takes Erika's earnings as a piano teacher and hoards them, hoping one day to buy a large apartment. She prevents her daughter from wearing stylish clothes, discourages her from dating eligible men and in general nags her day and night. The relationship between the two women is acrimonious, sometimes even violent — Erika has been known to pull out tufts of her mother's

hair, while her mother has taken to shredding Erika's dresses. But in the end the two always make up, settling in for yet another evening in front of their television. Indeed Jelinek evinces Erika's tormented relationship with her mother in such symbolic, incessantly close terms that the reader begins to suspect that the two of them are really aspects of the same person, an ego and superego locked in a fierce and never-ending battle for the possession of a soul.

Though neither can ever achieve total victory over the other, neither can survive alone. "They are enclosed together in a bell jar. Erika, her fine protective muller, her mama," writes Jelinek. "The jar can be lifted only if an outsider grabs the glass knob on top and pulls it up. Erika is an insect encased in amber, timeless, ageless. She has no history, and she doesn't make a fuss. This insect has long since lost its ability to creep and crawl."

What threatens to release Erika from this bell jar of captivity is the arrival of Walter Klemmer, one of her students, intent on seduction. Eager to invert the student-teacher relationship, Klemmer wants to instruct Erika in the art of feeling and passion; he wants to make her subservient to his will. Erika, on her part, is alternately drawn to Klemmer and repulsed by the threat he poses to her comfortably unhappy life.

She, too, sees love as a game of power and control, and she soon contrives a complicated plan designed to test Klemmer's strength and devotion. She writes him a letter detailing a grotesque series of sadomasochistic acts she wants him to perform on her. If he agrees to the letter's demands, she argues, it means that he's agreeing to carry out her orders — that is, by making her his slave he will, in fact, be acknowledging her as his master.

Jelinek, who won the Heinrich Böll Prize for her "outstanding contribution to German letters," describes Erika's bizarre relationship with Klemmer and her mother in flippant, matter of fact prose, and intermittently succeeds in making the reader see the power games that can underlie so many relationships, including those of student and teacher, artist and disciple, mother and child.

Too often, however, her descriptions of Erika's violent fantasies seem willfully perverse — as though they'd been concocted for the sole purpose of shocking the reader — and her relentless focus on the dark underside of Viennese life can seem equally artificial and contrived. In the end, it makes for a novel that depresses rather than genuinely disturbs.

Michiko Kakutani is on the staff of The New York Times.

World Stock Markets

Via Agence France Presse Closing prices in local currencies, Dec. 29

Table with columns for Amsterdam, London, Hong Kong, Frankfurt, Zurich, and Paris, listing various stock indices and their values.

Table with columns for Singapore, Manila, Seoul, Taipei, and Tokyo, listing various stock indices and their values.

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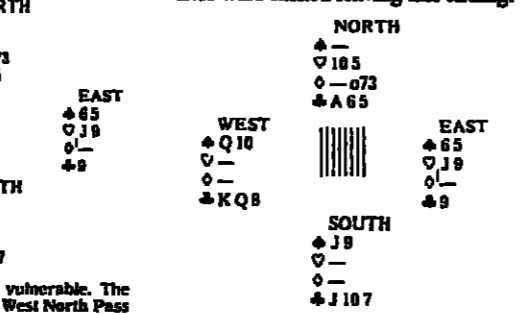
BRIDGE

By Alan Truscott

CLAIRE Torny, president of the Greater New York Bridge Association for the last four years, made a special effort to visit and encourage clubs in her area. On Aug. 19, she played in a New York Mixed Pair event at the Clubhouse Club, and demonstrated her considerable playing skill on the diagrammed deal. She reached three no-trump after West had opened one club.

On the opening spade lead she threw a heart from dummy and captured East's king with the ace. It was now clear that virtually all the missing high-card strength was with West. The diamond king and ten were allowed to win, and a heart was

West put in the queen, hoping that South would play him for a queen-jack combination. South won with



Neither side was vulnerable. The bidding: East South West North Pass 1C 10 Pass 1A 10 Pass 17 Pass 30 Pass 3NT. West led the spade 10p.

A club lead to the ten completed the good work. West had to win and give South her ninth trick in one of the black suits.

WEATHER

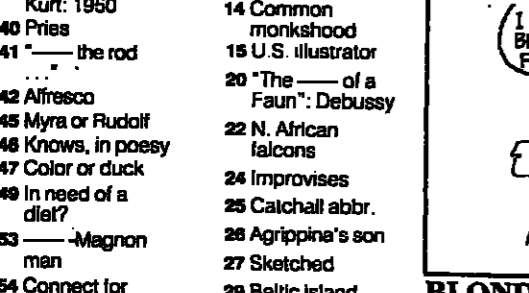
Table with columns for EUROPE, ASIA, NORTH AMERICA, AFRICA, LATIN AMERICA, and OCEANIA, listing high and low temperatures for various cities.

FRIDAY'S FORECAST - CHANNEL: High, 51; Low, 41. PARIS: High, 51; Low, 41. LONDON: High, 51; Low, 41. MADRID: High, 51; Low, 41. NEW YORK: High, 51; Low, 41. LOS ANGELES: High, 51; Low, 41. TOKYO: High, 51; Low, 41.

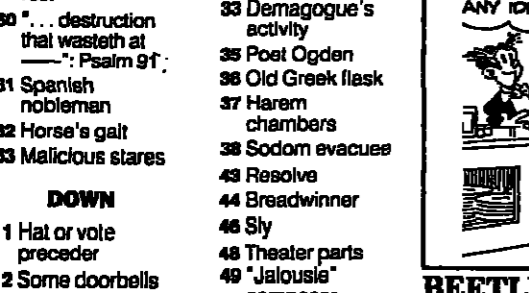
ACROSS

- 1 Young Atlantic codfish
6 Companies of singers
12 'Sailing on obscure wings' Coleridge
15 Illumined by brightest day
16 French playground
17 Beloved friend
18 French friend
19 Feasts
21 Gusher
23 Salamander
24 Proceeded on evaporated ocean water
31 One who pads checks
32 Italian port city
34 Finnish lake, to a Swede
35 'There midnight's all a-glimmer, and...' Yeats
39 Nobel chemist Kurt: 1950
40 Fries
41 '... the rod
42 Alfresco
45 Myra or Rudolf
46 Knows, in posy
47 Color or duck
49 In need of a diet?
53 —Magnon man
54 Connect for service
58 Midday stop for rest
60 '... destruction that wasteth at...' Psalm 91
61 Spanish nobleman
62 Horse's gait
63 Malicious stares
DOWN
1 Hat or vole precursor
2 Some doorbells
3 Address abusively
4 U.S. maritime spy agency
5 One who accomplishes
6 Young, inexperienced person
7 —de combat
8 'A Chorus Line' song

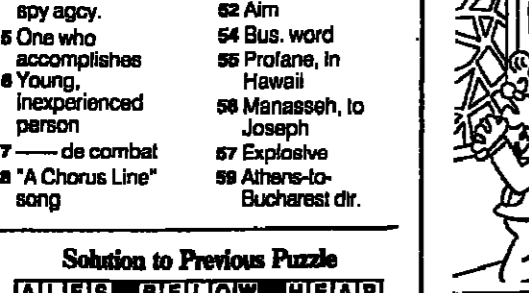
PEANUTS



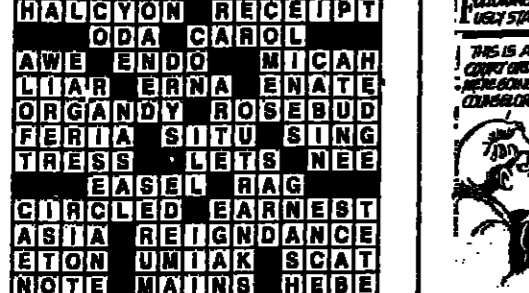
BLONDIE



BETLE BAILEY



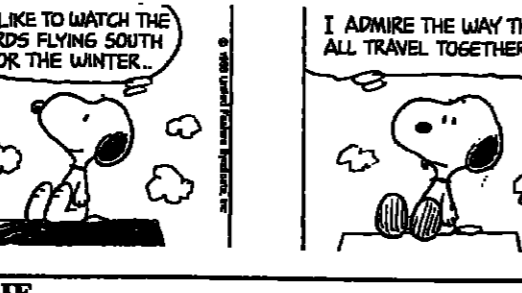
DOONESBURY



WEATHER

Table with columns for EUROPE, ASIA, NORTH AMERICA, AFRICA, LATIN AMERICA, and OCEANIA, listing high and low temperatures for various cities.

PEANUTS



BLONDIE



BETLE BAILEY



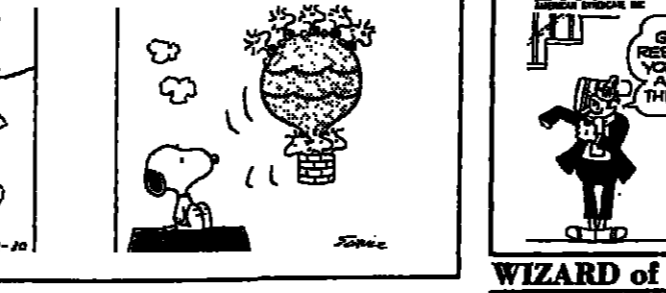
DOONESBURY



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PEANUTS



BLONDIE



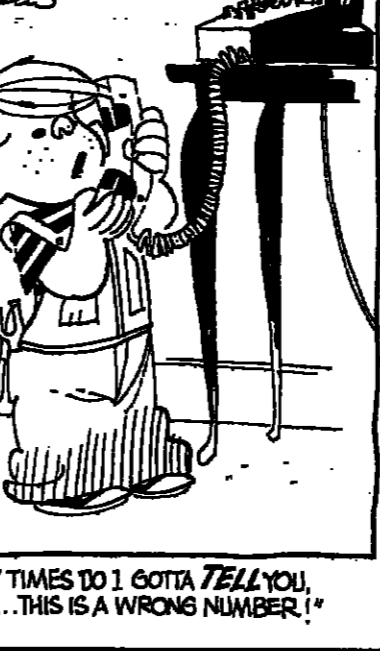
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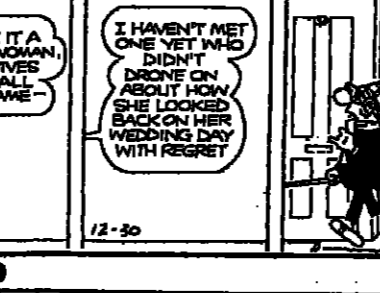
DENNIS THE MENACE



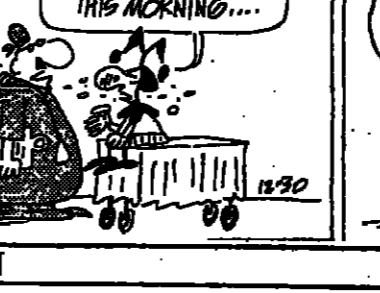
JUMBLE

Jumble word game section with a grid of letters and words to be found. Includes a cartoon illustration of a man in a raincoat.

ANDY CAPP



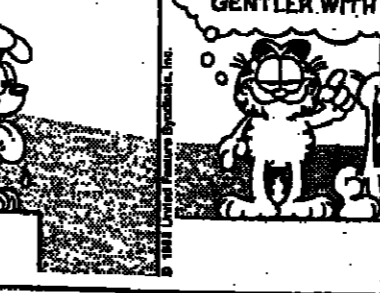
WIZARD OF ID



REX MORGAN



GARFIELD



SCOREBOARD

Table with columns for various sports events, including basketball, football, and tennis, listing scores and participants.

Large vertical advertisement on the right side of the page, featuring various products and services, including 'Pages Cut', 'Anchorage Top', and '3 Siret Ice Hood'.

SPORTS

This One's Buddy

By Dave Anderson
New York Times Service
NEW YORK — Buddy Ryan has never been Mike Ditka's buddy...



Mike Ditka: 'Shape up.'

Is Not This Buddy

But that day Ditka stood on the 40. The big thing I remember about that game was Singletary coming by and saying to me...



Buddy Ryan: 'Got a shot.'

Boggs Cut By Knife In Attack

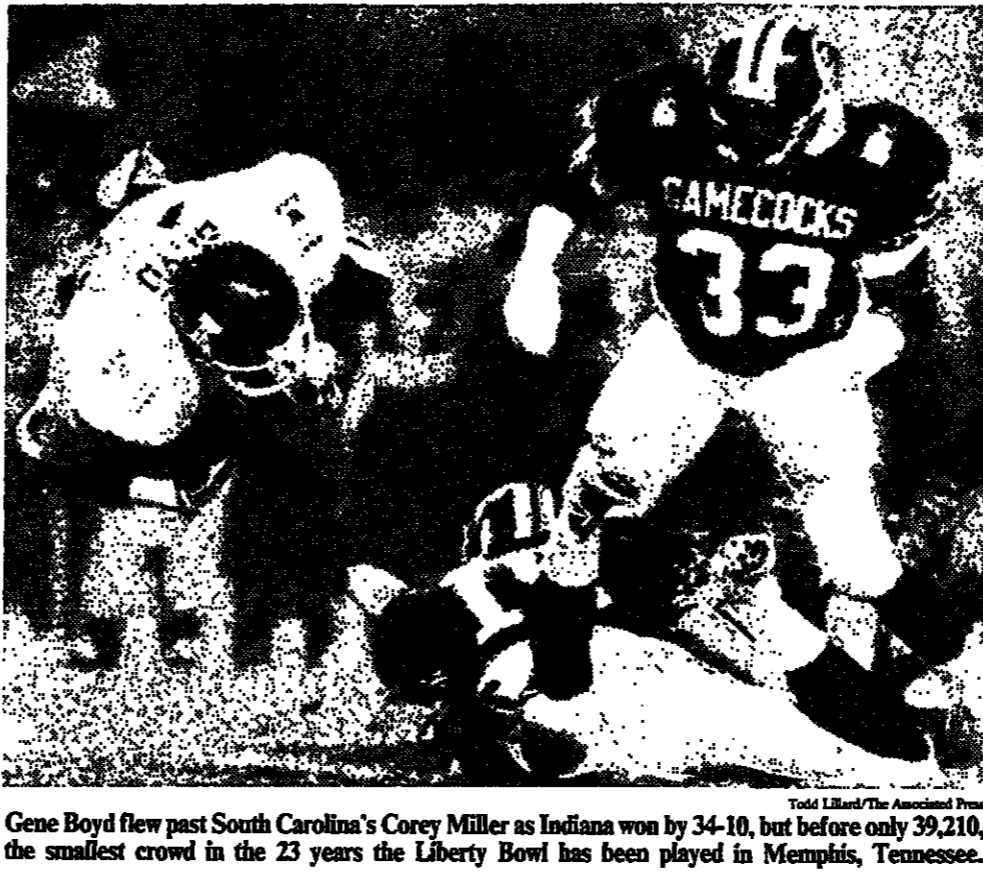
The Associated Press
GAINESVILLE, Fla. — Wade Boggs, the All-Star third baseman for the Boston Red Sox...



Wade Boggs: Lucky.

Indiana Wins Liberty Bowl

United Press International
MEMPHIS, Tennessee — Dave Schnell passed for 378 yards and two touchdowns...



Gene Boff flew past South Carolina's Corey Miller as Indiana won by 34-10...

In AFC, if Passes Fail Feet Will Fly

By Thomas George
New York Times Service
SEATTLE — The Seattle Seahawks' 13 years in the National Football League...

SIDELINES

Tiny Anchorage Tops No. 2 Michigan
SALT LAKE CITY (AP) — Alaska-Anchorage, a Division II school, stunned U.S. college basketball's No. 2-ranked team...

Christie Urges Clemency for Johnson

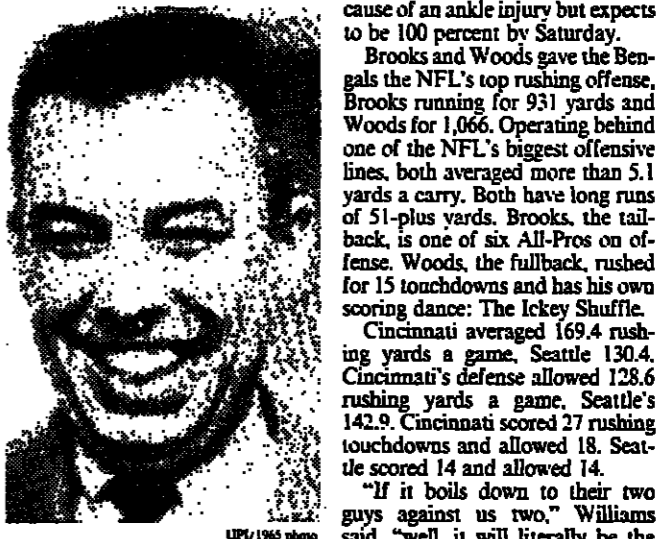
LONDON (AP) — Ben Johnson of Canada should be allowed to resume his track career after serving a two-year suspension...

3 Soviet Ice Hockey Players Arrested

STUTTGART, West Germany (AP) — Three players on the Soviet ice hockey team taking part in the Deutschland Cup...

Van Breda Kolf: Basketball 'the Right Way'

By William Gildea
Washington Post Service
WASHINGTON — After coaching all those games, more than 1,200, at Princeton...



Van Breda Kolf at Princeton.

For the Record

Sugar Ray Leonard was offered \$5 million Thursday by boxing promoter Bill Meredy to defend his WBC super-middleweight title...

Quotable

Quarterback Doug Williams, denying the Washington Redskins were undone by complacency: "We were hungry. We just didn't eat."

SCOREBOARD

Table with columns for Football, Basketball, and Hockey, listing various games and scores.

BASKETBALL

Table with columns for NBA Standings, Eastern Conference, and Western Conference, listing team records and game results.

WEDNESDAY'S RESULTS

Table listing basketball game results for Wednesday, including scores and key players.

ESORTS & GUIDES

Advertisement for International Classified, featuring various escort services and agencies with contact information.

OBSERVER

Know-It-All Critics

By Russell Baker
NEW YORK — I have long intended to become as knowledgeable about the arts as that critic who reviews them for wise-guy weekly publications.
Surely you have read his reviews. If he goes to a Rembrandt exhibition, he spends most of the review talking about Rembrandt's debt to Masaccio or Van Dyck or some other painter I have never heard of.

Packing Up Memories of Winfield House

By Paula Deitz
LONDON — "We always try to leave a house better than we found it," Carol Price said, referring to summer places she and her husband rented when their children were younger.
But since 1983 Price's husband, Charles H. Price Jr., a banker from Kansas City, Missouri, has been the U.S. ambassador to Britain, and the house in which they have been tenants is Winfield House in Regent's Park, one of the premier ambassadorial residences in the world.



June 1988: The Prices (in back) welcome President Reagan and his wife Nancy to Winfield House.

and state dining rooms, both paneled with mahogany. In the family quarters upstairs there are two sitting rooms in addition to six bedrooms, plus baths, one of them an original Art Deco marble bathroom.
The old days of ambassadors arranging residences to suit themselves are gone. Ambassadorial residences are treated more like historic properties. The State Department keeps track of the art and antiques accumulated in them.
Since 1986 a nonprofit group, Friends of Art and Preservation in Embassies, has commissioned Sotheby's to inventory and appraise valuable furniture and art in U.S. embassies. In 1987, the value of the art and furnishings of Winfield House was estimated at \$3 million.

PEOPLE

Appeals Court Upholds Award to Raquel Welch

A California appeals court has upheld Raquel Welch's \$10-million award in her lawsuit against MGM-Goldwyn-Mayer and others over her firing from the 1980 movie "Canary Row." Justice Arthur Wood upheld Welch's argument that she was fired without reason except to make her a scapegoat for cost overruns. Welch was replaced by Debra Winger. "Canary Row" which also starred Nick Nolte, was a box-office flop. Welch has had a movie role since. The defendants included MGM, its agent, David Begelman, and movie producer, Michael P.

Page 19 FOR MORE CLASSIFIEDS

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Don't miss the IHT's
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Stock Market Wrap-up
on Monday, January 2nd.
Complete statistical analysis of the year's trading on NYSE, AMEX and other world stocks quoted daily in the IHT reports. Plus market commentary from IHT correspondents worldwide.

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WORLD STOCKS IN REVIEW
IN THE IHT EVERY MONDAY.
A CONCISE OVERVIEW OF TRADING ON MAJOR WORLD STOCK MARKETS DURING THE PREVIOUS WEEK AND A LOOK AT LIKELY DEVELOPMENTS AHEAD. ESSENTIAL READING FOR INVESTORS AND PROFESSIONALS — WORLDWIDE.

TODAY'S INTERNATIONAL REAL ESTATE MARKETPLACE
Appears on page 8
PERSONAL MESSAGES
MOVING
BUSINESS SERVICES
FINANCIAL INVESTMENTS
OFFICE SERVICES

LOW COST FLIGHTS
HOTELS
ACCESS VOYAGES
HAPPY NEW YEAR
ACCESS IN LONDON
WORLDWIDE RIGHT
SPORTS
HEY AMERICAN SPORTSFANS!
WE WILL PROVIDE YOU WITH INSIDE INFORMATION

The SOVIET UNION in the 1990s
MAY 17 AND 18, 1989, MONDAY AND TUESDAY
The International Herald Tribune will be cosponsoring a unique conference on the economic future of the Soviet Union over a three-day period with the Ekonomicheskaya Gazeta, the leading Soviet economic weekly.
A high level delegation from the Soviet Union will include Prime Minister Chirbakov and Deputy Prime Minister Semenov. Two of the top members of the State Foreign Economic Commission will also be present.
Distinguished political and business leaders from around the world will also be addressing the meeting.

صكنا من الأصل